



Petroleum Royalties in Western Australia Information Sheet

The Department of Mines, Industry Regulation and Safety (DMIRS) is responsible for administering the State's petroleum royalties which are collected in accordance with the State's various petroleum specific legislation. DMIRS also administers the royalty for the North West Shelf Project, on behalf of the Commonwealth Government, which is under Commonwealth legislation.

Why are royalties payable?

In Western Australia, all petroleum and geothermal energy existing in its natural form is owned by the State, being held in trust by the State Government on behalf of the community.

Petroleum royalties are levied on all petroleum production that occurs either onshore; within coastal waters; and the North West Shelf Project.

Royalty rates and compliance differs between legislation. Royalties collected for onshore and coastal water projects are retained by the State Government, while offshore royalties are shared between the State and Commonwealth in accordance with the relevant legislation.

What are the royalty obligations for Western Australia?

Royalty obligations differ between the State's various petroleum legislation and it is important to identify which of the below Acts apply to a petroleum field:

- *Petroleum (Submerged Lands) Act 1982 (WA)*: This Act applies to fields within a defined coastal waters area. Coastal waters are defined as areas being three nautical miles seaward from the baseline, as well as certain 'subsisting' permit areas located within State inland waters. The State administers a wellhead value royalty system.
- *Petroleum and Geothermal Energy Resources Act 1967 (WA)*: This Act applies to onshore areas and waters landward of the baseline of the coastal waters, other than 'subsisting' permit areas under the *Petroleum (Submerged Lands) Act 1982 (WA)*. The State administers a wellhead value royalty system.

The defined location of the wellhead and the methodology for calculation of wellhead value are usually included in a royalty schedule specific to each producer.

Note

Please refer the relevant petroleum-specific legislation to fully understand royalty compliance obligations.

This information does not in any way affect the powers, rights or obligations of the Minister or any other person under relevant legislation.

The rate of royalty is normally set at 10% of the wellhead value for a primary production licence and 12.5% of the wellhead value for a secondary production licence.

The above legislation prescribes royalty payment, royalty returns and production reports are due monthly by the last working day of the following month.

Petroleum title holders recovering petroleum are required to comply with their royalty obligations. Petroleum title holders who do not comply may incur a penalty which is calculated from the time the royalty became payable until it is paid. In the event that an obligation to lodge a royalty return or production report, or pay an applicable royalty is not complied with, a fine may be imposed.

What are the royalty obligations for Barrow Island?

The *Barrow Island Royalty Variation Agreement Act 1982* (WA) only applies to Barrow Island. This Act prescribes a Resource Rent Royalty (RRR) system based on net cash flow.

The RRR only applies to Barrow Island's economic profit (i.e. gross receipts less deductions). By agreement between the Commonwealth and the State Government, the State maintains full responsibility for the administration of this royalty regime.

The Barrow Island RRR is levied at 40% of the net cash flow and is shared between the Commonwealth (75%) and the State (25%).

What are the royalty obligations for the North West Shelf?

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth) covers petroleum production for fields occurring in the North West Shelf project areas. This is an area of Commonwealth jurisdiction in which a wellhead value royalty system is used. The Commonwealth grants a major portion of its royalties to Western Australia. The *Offshore Petroleum (Royalty) Act 2006* (Cth) provides specific provisions for the assessment and collection of royalties from the North West Shelf Project areas.

The rate of royalty is normally set at 10% of the wellhead value for a primary production licence and 12.5% of the wellhead value for a secondary production licence.

The defined location of the wellhead and the methodology for calculation of wellhead value are usually included in a royalty schedule specific to each field.

Royalty payment and royalty returns are due monthly by the last working day of the following month. Petroleum title holders recovering petroleum are required to comply with their royalty obligations. Petroleum title holders who do not comply may incur a penalty which is calculated from the time the royalty became payable until it is paid.

Note

Please refer the relevant petroleum-specific legislation to fully understand royalty compliance obligations.

This information does not in any way affect the powers, rights or obligations of the Minister or any other person under relevant legislation.

Production reports are required by the National Offshore Petroleum Titles Administrator. Please refer to that agency for additional information regarding production report compliance.

What is Royalties Online?

Royalties Online is the electronic system DMIRS provides to Western Australian petroleum title holders to prepare, lodge and view royalty returns. To use this system, you or your company must be a current petroleum title holder, or be a person who has been authorised by the petroleum title holder.

Online submissions of petroleum production report compliance data is available through the Petroleum and Geothermal Register (PGR).

Registration via the following webpage is required to access Royalties Online or PGR: https://forms.dmp.wa.gov.au/lfserver/anonymous/Client_Registration

How can Royalty Payments be made?

DMIRS accepts royalty payments by Electronic Funds Transfer (EFT).

All EFT royalty payments and associated penalties must be made within the prescribed time as stated in the respective legislation to the relevant accounts. Petroleum title holders are advised to reference the DMIRS-issued Payer Reference Code on the EFT transaction to allow DMIRS to allocate your payment against the correct payer/project(s).

North West Shelf Project royalty payments and any associated petroleum royalty-related penalty payments must be made to:

Bank: Reserve Bank of Australia
BSB: 092-009
Account: 118662

Royalty payments relating to Barrow Island RRR and any associated petroleum royalty-related penalty payments, apart for North West penalty payments, must be made to:

Bank: Commonwealth Bank of Australia
BSB: 066-040
Account: 12000013

Royalty payments, other than those relating to Barrow Island RRR or North West Shelf Project must be made to:

Bank: Commonwealth Bank of Australia
BSB: 066-040
Account: 12000048

Note

Please refer the relevant petroleum-specific legislation to fully understand royalty compliance obligations.

This information does not in any way affect the powers, rights or obligations of the Minister or any other person under relevant legislation.