



Overview of Oil and Gas (Fracking) Laws in the NT

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Overview

This factsheet provides an overview of Northern Territory petroleum legislation and outlines the legal steps required to undertake methane gas and fracking activities.

What is fracking?

Hydraulic fracturing, or fracking, is a mining technique that is used to extract petroleum (usually in the form of methane gas) from shale rock. The process involves water, sand, and chemicals being injected underground at high pressure to crack open rock layers and release oil or gas inside.

Overview of Northern Territory oil and methane gas legislation

The [Petroleum Act 1984 \(NT\)](#) (**the Act**) regulates the onshore methane gas industry in the Northern Territory. It is supported by the:

- [Petroleum Regulations 2020 \(NT\)](#);
- [Petroleum \(Environment\) Regulations 2016 \(NT\)](#) (**PER**);
- the [Code of Practice: Onshore Petroleum Activities in the Northern Territory](#) (**the Code**), and;
- the [Schedule of Onshore Petroleum Exploration and Production Requirements](#) (**the Schedule**).

A brief summary of each instrument is provided below:

The Act

The Act provides for the granting of oil and methane gas interests and titles for exploration, production and ancillary activities associated with exploiting oil and methane gas, as well as proposed works programs. It also administers the reporting of data, collection of royalties and the reduction of harm to the environment (although this is largely covered by the PER).

Petroleum Regulations

Regulate fees in relation to oil and methane gas activities.

PER

Aims to foster ecologically sustainable development by requiring approvals from the Minister for Environment for all activities (including hydraulic fracturing) that will have an environmental impact.¹ An environmental impact as defined in the PER means any adverse change, or potential adverse change, to the environment resulting wholly or partly from a regulated activity.²

The Code

Provides standards for the oil and methane gas industry.

The Schedule

Contains technical provisions generally found in regulations, including the regulation of drilling and well activities, reporting and data, production, and geological and geophysical surveying.

Steps required to undertake methane gas activities in the NT

1. Land release

The Northern Territory Government invites application for an exploration permit (**EP**) over particular blocks of land.

2. Gas company bids for an EP.

3. Minister for Mining and Industry selects the most meritorious application for consideration of grant.³

4. Requirements of the *Native Title Act 1993 (Cth)* and *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* are satisfied.

¹ [Petroleum \(Environment\) Regulations 2016 \(NT\)](#), ck 5(1) (**PER**).

² *Ibid*, cl 3.

³ [Petroleum Act 1984 \(NT\)](#), s 17.

5. Minister for Resources grants the EP to the gas company.

The EP gives a gas company the exclusive right to conduct exploration over the permit area, but more approvals are needed before methane gas activities, such as fracking, can occur.

6. Access agreements over pastoral land are made.

If the EP is over a Pastoral Lease, the proponent must come to an agreement with the pastoralist.⁴

7. Approvals for exploration activity:

- (a) The gas company applies to the Minister for Mining and Industry for approval to conduct certain activities, such as seismic activities, fracking, drilling and flaring under the Schedule.
- (b) The gas company applies to the Minister for Environment for an environmental approval under the PER for any activity that will have an environmental impact, including fracking.

8. Methane gas exploration activities can proceed on an EP.

Exploration can only occur when the gas company has been granted an EP, access agreements with traditional owners and pastoralists have been reached, and approvals under the Schedule and the PER have been obtained.

9. Gas company applies for a production licence (PL).

10. Requirements of the *Native Title Act 1993 (Cth)* and *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* are satisfied.

11. Minister for Mining and Industry grants the PL to the gas company.

Minister for Mining and Industry grants the PL to the gas company: the Minister for Mining and Industry decides whether or not to grant a PL, which gives the company the right to produce and sell gas. The gas company cannot conduct any activity until all the necessary approvals (Step 11) are met.⁵

12. Approvals for production activity:

- (a) The gas company applies to the Minister for Mining and Industry for approval to conduct certain activities, such as seismic activities, fracking, drilling and flaring under the Schedule.
- (b) The gas company applies to the Minister for Environment for an environmental approval under the PER for any activity that will have an environmental impact, including fracking.

⁴ [Petroleum Regulations 2020 \(NT\)](#), cl 12.

⁵ [Petroleum Act 1984 \(NT\)](#), s 47.

13. Methane gas production can proceed on a PL

Production can only occur when a PL and approvals under the Schedule and the PER have been granted to the gas company.

Concerns about the environment

With some exceptions, the proponent of any methane gas activity (exploration and production) that will have an adverse change, or potential adverse change,⁶ on the environment must prepare an Environment Management Plan (**EMP**) for approval by the Minister for Environment. An EMP must be approved before the activity can commence.

Read: EDO Factsheet on **Environmental Assessment and Approval of Methane Gas and Fracking Activities in the NT** for more information on EMPs

⁶ PER, cl 3.