

23 December 2014

Jonathan Gibbard
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PO Box 1473
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via email to: blockoffer2015@mbie.govt.nz

Dear Mr Gibbard

COMMENTS ON PROPOSED BLOCK OFFER 2015

Thank you for the opportunity to provide comments on the proposed Block Offer 2015 ('BO2015'). As you noted in your letter of 14 November, we think our local knowledge is valuable for making better informed selection of blocks for the BO2015.

You had invited comments on a number of specific matters. Those comments are provided in section 2.

These comments were considered and agreed by the Council at its meeting on 17 December 2014.

Yours sincerely



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1. General comments

1.1 Capacity and engagement

In recent years, HBRC has continued to develop capacity and liaise with other councils (for example, Taranaki Region and Gisborne District) and central government agencies regarding oil and gas exploration activities in Hawke's Bay. Examples include participation in a public forum event hosted by Hastings District Council on the topic of oil and gas exploration industry. Another example is the ongoing liaison at various levels with government officials and departments, including NZP&M.

Oil and gas exploration has clearly emerged over recent years as a hot topic in public submissions made on HBRC's Long Term Plan and 2014-15 Annual Plan. We are conscious that the issue of oil and gas exploration is one in which there is significant public interest, and there is much debate within our community around the environmental issues and risks associated with these activities. The Oil and Gas Symposium hosted by Hastings District Council approximately 18 months ago confirmed the high level of public interest.

HBRC recognises that significant local and national economic benefits may accrue should oil and gas production develop commercially in the East Coast Region. We are also conscious of the potential impact on our broader economy and social environment and take this opportunity to provide comments on some additional matters.

HBRC's work programme adopted in the 2014/15 Annual Plan does indicate HBRC will "initiate community engagement on oil and gas exploration policy development." This initiative is pending a visit to the region by the Parliamentary Commissioner for the Environment which is now looking likely in early 2015. Planning processes for the 2015-25 Long Term Plan is considering the development of a broader Energy Futures strategy. Recently, the Council invited feedback on a discussion document known as the 'Big Six.' Energy futures featured as one of the big six issues for consideration in the LTP's 2015-2025 period. Oil and gas exploration will be a key consideration in broader energy futures discussions with the Hawke's Bay community.

1.2 Sensitive areas

HBRC has previously indicated to NZP&M in relation to earlier Block Offers that we would be uncomfortable with any offer made across the region's productive aquifers. We welcomed the Minister's decision on the 2014 Block Offer to exclude the aquifers from the finalised areas.

We note that the BO2015 does not propose any onshore areas, so we do not have to revisit exclusions of the region's productive aquifers.

From the maps available with the BO2015 documentation, it appears that the BO2015 Offshore Pegasus area barely extends into the Hawke's Bay region, with much of the area lying south east of the region beyond the 12 nautical mile limit.

1.3 HBRC's Tier2 Marine Oil Spill Contingency Plan

You will probably be aware that HBRC has a statutory responsibility under the Maritime Transport Act 1994 (MTA) to conduct a Tier 2 response to marine oil spills that occur within the coastal marine area under our jurisdiction. As part of this responsibility, and in accordance with the MTA, we are required to maintain a plan which details how a Tier 2 response operation is to be undertaken in response to a marine oil spill. The Plan can be viewed on [HBRC's website](#). Annex 4 of that Plan sets out sensitive areas and twenty priority areas for protection (in the event of an oil spill incident).

2. Comments on particular matters

The following comments are provided in response to your invitation to comment on two particular matters:

- (a) an indication of how HBRC classifies petroleum exploration activities in regional planning documents; and
- (b) wāhi tapu areas and other areas of significance to Maori.

2.1 Classification of petroleum exploration activities in RMA planning documents

In relation to the BO2015, we provide comments only in relation to the region's coastal plan (i.e. the Hawke's Bay Regional Coastal Environment Plan, or 'RCEP') and not our other regional plan applicable onshore.

HBRC's RCEP contains very little policy direction specifically relates to petroleum exploration. Instead, most RCEP provisions relate to a type of effect or activity generally - they do not allow, restrict or prohibit petroleum exploration or production activities per se. (We suggest this would be fairly typical of regional planning instruments prepared under the RMA because the RMA focuses on the actual and potential effects (both beneficial and adverse effects) of activities on the environment – not the activities and types of activities themselves).

There are a number of resource consent requirements likely as a result of activities associated with petroleum exploration. In general terms, the presumption in the RMA is that many activities in the coastal marine area (s12), any discharges of contaminants to water (s15) must either comply with a rule in a regional plan, or gain resource consent¹.

2.2 Consent requirements for petroleum exploration

Table 1 outlines the possible consent requirements for petroleum exploration activities². This is a list of the likely activities that will be involved in their operation.

In some cases, an exploration permit holder may determine that they can comply with all conditions of the relevant permitted activity rules and therefore can carry out those activities without requiring consent. This level of detail is anticipated to be determined by permit holders nearer the time of operations, or when other consent applications are lodged.

¹ Activities can also occur if they can comply with a relevant National Environmental Standard, but in this case there are none likely to apply. The Resource Management (Marine Pollution) Regulations 1998 may also apply to ships and offshore installations in the coastal marine area.

² This summary is not intended to be an exhaustive list of all possible consent requirements, nor details of every rule and associated conditions. The purpose is to provide an outline of the likely consents required based on HBRC's understanding of exploration activities. Final consent requirements will be determined once applications are lodged.

TABLE 1: Indicative summary of regional rules applicable to offshore³ petroleum exploration in Hawke's Bay CMA

Activity Type	Relevant RCEP rule(s) ⁴ INDICATIVE ONLY	Rationale for consent requirements	Likely consent requirements
Disturbances, depositions and extractions in CMA			
Removal or Deposition of Material	Removal: Rule 144 [D] Deposition: Rule 147 [RD] Rule 151 [D]	Removal of sand or gravel other than small scale. Deposition of any substance on the foreshore or seabed. Relevant threshold 50,000m ³ at a site in any 12 month period.	Discretionary activity. Restricted Discretionary or Discretionary activity.
Drilling, construction or alteration of bores for gas and oil resources, seabed explorations and geotechnical investigations	Rule 138 [P] Rule 130 [D]	Disturbance of the foreshore and seabed, including location in relation to management areas: <ul style="list-style-type: none"> ▪ Port or Harbour Management Area ▪ Significant Conservation Area ▪ Historic Heritage Area ▪ Aquaculture Management Area 	Permitted or Discretionary activity.
Disturbance of foreshore and seabed affecting historic heritage	Rule 141 [RD]	Disturbance in a manner that will destroy, damage or modify an historic heritage feature. Refer to Schedule M and planning maps for locations.	Restricted Discretionary activity.
Disturbances within specified Significant Conservation Areas	Rule 144 [D]	Disturbance or removal of materials in four SCAs, - exemption for applies scientific purposes.	Prohibited activity.
Disturbances of seabed arising from manoeuvring of ships (e.g. propeller wash)	Rule 135 [P]	Disturbance of foreshore and seabed arising from passage and manoeuvring ships.	Permitted activity.
Discharges to land and water in CMA			
Discharge of contaminant or water into water in CMA, or discharge of contaminant into land (e.g. hydraulic fracturing)	Rule 160 [D]	Discharge of contaminant which may result in that contaminant (or any other contaminant emanating as a result of natural processes from that contaminant) entering water in the CMA	Discretionary activity (<i>unless specifically classed by another rule in the RCEP as non-complying or Prohibited activity</i>).
Discharge of drilling muds, cuttings and fluids for purposes of investigating oil and gas resources	Rule 161 [P] Rule 160 [D]	Control over location, contamination level and risk of discharge of groundwater to surface water.	Permitted or Discretionary activity.
Discharges to air			
Flaring of hydrocarbons from petroleum exploration or mining	Rule 79 [C] Rule 86 [D]	Discharge of contaminants to air impacting surrounding areas.	Controlled or Discretionary activity.

³ Table 1 is an indicative summary of regional rules applicable to offshore exploration within the Hawke's Bay coastal marine area (i.e. between mean high water springs and the 12 nautical mile limit). Rules in the HB Regional Coastal Environment Plan would apply to any offshore exploration activities in the Hawke's Bay coastal marine area. The proposed Offshore Pegasus Block Offer 2015 area appears to be largely beyond the 12 nautical mile limit.

⁴ Letters in square brackets refers to classification of activity in each rule as follows: [P] permitted; [C] controlled; [RD] restricted discretionary; [D] discretionary; [NC] non-complying; and [Pr] prohibited.

Activity Type	Relevant RCEP rule(s) ⁴ INDICATIVE ONLY	Rationale for consent requirements	Likely consent requirements
Discharges of contaminants to air in Coastal Environment	Rule 81 [P] Rule 63 [RD] Rule 64 [D]	Other discharges of contaminants to air.	Permitted (minor discharges) or Restricted Discretionary (not complying with Permitted activity conditions) or Discretionary (not regulated by other rules).
Structures in CMA			
Structures for storage of petroleum products or other contaminants within a SCA	Rule 129 [Pr]	Any activity involving erection or placement of such a structure in, on, under or over the foreshore or seabed within a SCA.	Prohibited activity (consent cannot be applied for).
Removal and demolition of structures in , on, under or over the foreshore or seabed	Rule 121 [P] Rule 117 [D]	Disturbance and any associated deposition.	Permitted or Discretionary activity.
Occupation of space in CMA			
Occupation of space associated with exploration operations and structures	Rule 180 [P] Rule 178 [D]	Effects of excluding public and other activities from use of coastal space, including potential conflict with other uses and users.	Permitted or Discretionary activity.
Storage and dumping of hazardous substances in CMA			
Hazardous substances in the CMA (storage or dumping)	Storage: Rule 172 [P] Rule 171 [RD] Rule 174 [Pr] Dumping: Rule 173 [Pr]	Manage risk according to character, scale and intensity of activity and any associated effects of potential spillage or discharge, including sensitivity of environment.	Permitted, Restricted Discretionary or Prohibited activity (in a SCA). Prohibited activity.
Noise emissions in CMA			
Emission of noise for marine seismic surveying purposes	Rule 176 [P], Rule 175 [RD]	Potential impact of underwater noise (including vibration) on marine life.	Permitted or Restricted Discretionary activity. <i>Rule 176 includes "effects on marine mammals" as a matter for discretion.</i>
Noise emissions in CMA	Rule 176 [P] Rule 175 [RD]	Level, characteristics and frequency of noise (construction and other) including compatibility with surrounding environment. Rule 175 includes effects on marine mammals as a matter for discretion.	Permitted or Restricted Discretionary activity.
Take and, use of coastal water			
Taking and use of coastal water	Rule 156 [P] Rule 154 [D]	Effects of water take on SCAs and their values. Permitted rule does not apply to taking of water in six SCAs.	Permitted or Discretionary activity (in some SCAs).

2.3 Additional considerations

Table 1 is intended as an indicative summary of rules in the RCEP. There are may be other activities that may trigger the need for consent (or compliance with a permitted activity rule).

In relation to offshore installations and ships, we are aware that the Resource Management (Marine Pollution) Regulations 1998 are applicable within the coastal marine area to some of the operations undertaken during mineral exploration. For some operations and activities covered by these Regulations, rules in the RCEP also apply.

2.4 Wāhi tapu and other sites of significance to Māori

Wāhi tapu and other sites of significance to Maori above mean high water springs are not identified in regional plans or the regional policy statement. These are typically identified in district plans.

In relation to the coastal marine area, the Hawke's Bay Regional Coastal Environment Plan (RCEP) is the relevant regional planning document. The RCEP identifies 21 Significant Conservation Areas that have important ecological, historic, scientific and/or cultural value. The RCEP also identifies a number of historic heritage areas and features. Some of those historic heritage areas relate to wāhi tapu areas registered on the Historic Places Register. In addition to these mapped areas in the RCEP, Ngati Kahungunu has proclaimed that the *“whole of the coastal marine area is of significance to Ngati Kahungunu. The Coastal Margin is also of importance to Ngati Kahungunu.”*⁵

Based on the map titled 'Proposed Block Offer 2015 Offshore Pegasus 15PEG-R1' supplied by NZP&M to HBRC, none of the 'Proposed Release Area' appears to be located in any of the RCEP's Significant Conservation Areas nor Historic Heritage Areas. We submit that the BO2015 Offshore Pegasus area remains as not extending into any of those Significant Conservation Areas or Historic Heritage Areas.

3. Attachments:

1. Location map of 'Significant Conservation Areas' and 'Historic Heritage Areas' in Hawke's Bay coastal marine area (from Hawke's Bay Regional Coastal Environment Plan maps).

⁵ See, *inter alia*, Chapter 6 of HB Regional Coastal Environment Plan - explanations and reasons for objectives and policies.

