

# Statement of Reasons

## *Petroleum Act 1984*

### Determination and reasons for determination as to appropriate person to hold permit or licence

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Applicant *McArthur Oil and Gas Limited*  
ACN 648 622 404  
Head office:  
Level 27, 111 Eagle St  
Brisbane QLD 4000  
Email: [info@mogltd.com.au](mailto:info@mogltd.com.au)

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Associated entities *Armour Energy Limited*  
ACN 141 198 414  
Head office:  
Level 27, 111 Eagle St  
Brisbane QLD 4000  
Email: [info@armourenergy.com.au](mailto:info@armourenergy.com.au)

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Permit or licence being applied for *Exploration Permits 171, 174, 176, 190, 191 and 192*

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Date of determination *3 February 2022*

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#### 1. Background

- (a) The Applicant has acquired the shareholding in McArthur NT Pty Ltd, which is the holder of granted Exploration Permits 171, 174, 176, 190, 191 and 192.
- (b) Section 93(9B) of the *Petroleum Act 1984* (the Act) requires me to be satisfied that the entity seeking to acquire the legal title and beneficial interest in 100% of shares of the body corporate, and any associated entity, is an appropriate person to hold a permit or licence.
- (c) In making the determination that the Applicant, and any associated entity of the Applicant, is an appropriate person to hold a permit or licence under the Act, I must have regard to the matters set out in section 15A(1) and, where necessary, section 15A(2).
- (d) Section 15A(5) provides that I must publish, on the Agency's website, the reasons why I have determined that an Applicant, and any associated entity of the Applicant, is or is not an appropriate person to hold a licence or permit under the Act.
- (e) This document contains my determination and my reasons.

## 2. Determination

- (a) I am satisfied that the Applicant, and any associated entity of the Applicant, is an appropriate person to hold a licence or permit under the Act.

## 3. Reasons for determination

- (a) I have had regard to the matters set out in section 15A.
- (b) Where there is a reference to a director, I have taken into consideration any person concerned in the management of the body corporate as is required by section 15A(3).
- (c) The table below sets out the matters referred to in section 15A(1). I set out in that table the material factors that are relevant to each such matter.

Section in Act	Matter	Material factors
15A(1)(a)	<p>The Applicant or associated entity's record of compliance with the prescribed legislation, including:</p> <p>(i) whether the Applicant or entity has contravened any of the prescribed legislation; and</p> <p>(ii) the seriousness of any contraventions; and</p> <p>(iii) the length of time since the contraventions (if any) occurred; and</p> <p>(iv) any other matter the Minister considers relevant.</p>	<p><i>The Applicant and associated entity has not contravened the prescribed legislation.</i></p> <p><i>The Applicant has not held tenure in the Northern Territory, however the associated entity has held tenure as listed in section 15A(1)(b) below.</i></p> <p><i>An interrogation of the documents listed in 3(e) below established that there had been no acts of non-compliance with the prescribed legislation by the associated entity.</i></p>
15A(1)(b)	<p>Whether the Applicant or associated entity has held a licence or other authority under the prescribed legislation where that licence or authority has been suspended or revoked.</p>	<p><i>The Applicant has not held a licence or other authority under the prescribed legislation.</i></p> <p><i>The associated entity, Armour Energy Limited, has held or holds a licence or other authority under the prescribed legislation, being:</i></p> <p><b>Northern Territory</b></p> <ul style="list-style-type: none"> <li>• <i>previously held granted Exploration Permits (EP) 171, 174, 176, 190, 191 and 192</i></li> <li>• <i>EP applications 172, 173, 177, 178, 179, 193, 194, 195 and 196</i></li> </ul>

		<ul style="list-style-type: none"> <li>• <i>Retention Licence applications 5 and 6.</i></li> </ul> <p><b>Queensland</b></p> <ul style="list-style-type: none"> <li>• <i>Authority to Prospect (ATP) applications 1107, 1192 and 1193.</i></li> <li>• <i>Armour Energy Limited is the parent of Armour Energy (Surat Basin) Pty Limited, which is the sole or joint titleholder of:</i> <ul style="list-style-type: none"> <li>○ <i>granted ATP647, ATP2028, ATP2029, ATP2030, ATP2032, ATP2034, ATP2035 and ATP2041</i></li> <li>○ <i>Potential Commercial Area 246</i></li> <li>○ <i>granted Petroleum Leases (PL) 14, 21, 22, 27, 30, 53, 70, 71, 227, 264, 511 and 512</i></li> <li>○ <i>PL applications 1065, 1066, 1067, 1068, 1069, 1070 and 1071</i></li> <li>○ <i>granted Petroleum Pipeline Leases 3, 20, 22 and 63</i></li> <li>○ <i>associated environmental authorities.</i></li> </ul> </li> </ul> <p><i>These licences or authorities have not been suspended or revoked.</i></p>
15A(1)(c)	Whether in the opinion of the Minister, the action or thing to be authorised by the permit or licence is or will be under the control of a technically competent person.	<p><i>The Applicant, and associated entity, have provided:</i></p> <ul style="list-style-type: none"> <li>• <i>a statement of technical capability for the Directors and Manager Exploration</i></li> <li>• <i>Well Integrity Management Plan</i></li> <li>• <i>Well Integrity Policy</i></li> <li>• <i>Change Management Policy</i></li> <li>• <i>Well Head Management Statement</i></li> </ul> <p><i>The associated entity will provide the applicable technical services to the Applicant, for a term of 12 months, under a services agreement.</i></p>

		<p><i>The associated entity is known to the department and the documents provided by the Applicant are acceptable for the management of well integrity and control.</i></p> <p><i>All key personnel have extensive experience in the oil and gas industry.</i></p> <p><i>For these reasons, I am of the opinion that the action or thing will be under the control of a technically competent person.</i></p>
15A(1)(d)	<p>Whether in the opinion of the Minister, the Applicant or associated entity is of good repute, having regard to character, honesty and integrity.</p>	<p><i>The Applicant and associated entity have provided a statement that they consider themselves to be of good repute, having regard to character, honesty and integrity.</i></p> <p><i>Evidence of this is provided by the associated entity's activities under the prescribed legislation to date.</i></p> <p><i>For these reasons, I am of the opinion that the Applicant or associated entity is of good repute.</i></p>
15A(1)(e)	<p>Whether the Applicant or associated entity has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty</p>	<p><i>The Applicant or associated entity have not, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty.</i></p>
15A(1)(f)	<p>Whether the Applicant or associated entity, within the previous 3 years:</p> <ul style="list-style-type: none"> <li>(i) was an undischarged bankrupt; or</li> <li>(ii) applied to take the benefit of any law for the relief of bankrupt or insolvent debtors; or</li> <li>(iii) entered into an arrangement with the Applicant or entity's creditors or made an assignment of the Applicant or entity's remuneration for their benefit.</li> </ul>	<p><i>None of these events has occurred within the previous 3 years.</i></p>

15A(1)(g) 15A(3)	Whether the Applicant or associated entity is or was a director of a body corporate that is the subject of a winding-up order or for which a controller or administrator has been appointed within the previous 3 years	<i>None of these events has occurred within the previous 3 years.</i>
15A(1)(h)	Whether the Applicant has demonstrated to the Minister the financial capacity to comply with the Applicant's obligations under the permit or licence.	<p><i>When considering the Applicant's financial capacity, consideration was given to the associated entity's Annual Reports ending 30 June 2021 and 30 June 2020, Half Year Report December 2020, Quarterly Report issued March 2021, current and future funds available, and the magnitude and timing of obligations associated with the permits.</i></p> <p><i>The associated entity has the ability to produce funds for the Applicant, if required, to enable it to comply with its work program obligations under the permits.</i></p> <p><i>Independent probity reports were obtained for the Applicant, the associated entity and their directors, and no adverse details were reported.</i></p> <p><i>For these reasons, the Applicant has demonstrated the financial capacity to comply with its obligations under the permit or licence.</i></p>
15A(1)(i)	Whether the Applicant or associated entity is in partnership, in connection with the action that is the subject of the permit or licence, with a person whom the Minister does not consider to be an appropriate person having regard to the matters listed in section 15A(1) (being the matters above) and section 15A(2) (being the matters below).	<p><i>The Applicant or associated entity are not in partnership with any other person.</i></p> <p><i>The term 'partnership' does not include Joint Ventures.</i></p>
15A(1)(j)	Any other matters the Minister considers relevant in determining whether a person	<i>I do not consider that any other matters are relevant.</i>

	is an appropriate person to hold a permit or licence.	
<p><i>If the Applicant or entity is not a body corporate, the matters below do not need to be considered.</i></p>		
15A(2)(a) 15A(3)	<p>Whether a director of the Applicant or associated entity:</p> <p>(i) has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked; or</p> <p>(ii) is or has been the director of another body corporate that has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked</p>	<p><i>The Applicant is McArthur Oil and Gas Limited and the directors and any persons concerned in the management company are:</i></p> <ul style="list-style-type: none"> <li>• <i>Nicholas Mather, Director</i></li> <li>• <i>Bradley Lingo, Director</i></li> <li>• <i>Stephen Bizzell, Director</i></li> </ul> <p><i>The directors have not contravened the prescribed legislation.</i></p> <p><i>The directors have not held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p> <p><i>The directors are not and have not been a director of another body corporate that has contravened the prescribed legislation.</i></p> <p><i>The directors are not and have not been a director of another body corporate that has held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p> <p><i>The Applicant is a subsidiary of the associated entity. Refer to section 15A(2)(b) for details about the directors and persons concerned in the management of the associated entity.</i></p>
15A(2)(b) 15A(3)	<p>In the case of a body corporate that is the subsidiary of another body or company (the <b>parent company</b>) – whether:</p> <p>(i) the parent company or a director of the parent company has contravened the prescribed legislation or</p>	<p><i>The parent company is Armour Energy Limited, and the directors and any persons concerned in the management of the parent company are:</i></p> <ul style="list-style-type: none"> <li>• <i>Bradley Lingo, Chief Executive Officer</i></li> <li>• <i>Nicholas Mather, Executive Chairman</i></li> </ul>

	<p>has held a licence or other authority under the prescribed legislation that has been suspended or revoked; or</p> <p>(ii) a director of the parent company is or has been the director of another body corporate that has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked.</p>	<ul style="list-style-type: none"> <li>• Stephen Bizzell, Non-Executive Director</li> <li>• Roland Sleeman, Non-Executive Director</li> <li>• Eytan Ulliel, Non-Executive Director</li> <li>• Craig Gouws, Chief Financial Officer</li> <li>• Michael Laurent, Chief Operating Officer</li> <li>• Olivia Versace, Legal Counsel</li> <li>• Mark Greenwood, Chief Commercial Officer</li> <li>• Natalie Climo, Company Secretary</li> </ul> <p><i>The parent company and the directors of the parent company have not contravened the prescribed legislation.</i></p> <p><i>The parent company and the directors of the parent company have not held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p> <p><i>The directors of the parent company have not been a director of another body corporate that has contravened the prescribed legislation.</i></p> <p><i>The directors of the parent company have not been a director of another body corporate that has held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p>
15A(2)(c) 15A(3)	The record of compliance with the prescribed environmental legislation of any director of the Applicant or associated entity.	<p><i>The directors of the Applicant and associated entity have provided signed statements that they have remained compliant with the prescribed environmental legislation.</i></p> <p><i>I am not aware of any breach of the prescribed legislation.</i></p>
15A(2)(d)	Whether in the opinion of the Minister, a director of the	<i>The Applicant has provided a statement that it considers the</i>

15A(3)	Applicant or associated entity is of good repute, having regard to character, honesty and integrity.	<i>directors of its parent company to be of good repute, having regard to character, honesty and integrity.</i>  <i>There is no evidence available that suggests otherwise.</i>  <i>For these reasons, I am of the opinion that each director is of good repute.</i>
15A(2)(e) 15A(3)	Whether a director of the Applicant or associated entity has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty.	<i>No director nor any person concerned in the management of the Applicant or associated entity has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty.</i>
15A(2)(f)	Whether the Applicant or associated entity is the subject of a winding up order or has had a controller or administrator appointed within the previous 3 years.	<i>None of these events has occurred within the previous 3 years.</i>

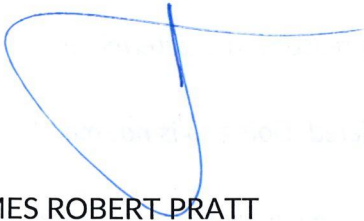
- (d) *In making my determination I have had regard to each of the matters noted above.*
- (e) *In making my determination I have had regard to documents that include the following:*
- (i) *Statement of technical capability for the Applicant's directors and Manager Exploration*
  - (ii) *Armour Energy Limited's Change Management Procedure*
  - (iii) *Armour Energy Limited's Well Integrity Management Plan*
  - (iv) *Armour Energy Limited's Well Integrity Policy*
  - (v) *Statement of Well Head Management*
  - (vi) *Armour Energy Limited's statement of financial capability*
  - (vii) *Armour Energy Limited's Annual Report ending 30 June 2021*
  - (viii) *Armour Energy Limited's Annual Report ending 30 June 2020*
  - (ix) *Armour Energy Limited's Half Year Report, December 2020*
  - (x) *Armour Energy Limited's Quarterly Report issued March 2021*
  - (xi) *McArthur Oil and Gas Limited's statement addressing the appropriate person requirements*
  - (xii) *Armour Energy Limited's statement addressing the appropriate person requirements*
  - (xiii) *Signed statements from the Directors of Armour Energy Limited and McArthur Oil and Gas Limited*
  - (xiv) *Department of Industry, Tourism and Trade information and data*
  - (xv) *Australian Securities and Investments Commission information and data*



- (xvi) *Probity reports generated by Illion Direct and Equifax for Armour Energy Limited*
- (xvii) *Probity report generated by Equifax for McArthur Oil and Gas Limited.*

Dated this 3 February 2022

Made under the *Petroleum Act 1984* of the Northern Territory of Australia



JAMES ROBERT PRATT

Senior Executive Director Energy Development