



ASSESSMENT REPORT

Camden Gas Project – Kay Park Section 96(1A) Modification

1 BACKGROUND

The Camden Gas Project (CGP) is located to the south of Camden and Campbelltown in the Camden, Campbelltown and Wollondilly local government areas. CGP is a major coal seam methane project which involves the extraction of gas from the Illawarra Coal Measures, collection and treatment of the extracted gas, and transfer of the treated gas by pipeline to the Sydney market. The Camden Gas Project is a joint venture between AGL Gas Production (Camden) Pty Ltd (AGL) and Sydney Gas (Camden) Operations Pty Ltd (Sydney Gas).

The Kay Park (KP) stage of the CGP was approved by the Minister in September 2002 (DA 246-8-2002-i). The Kay Park site is located in the Razorback area immediately to the west of Remembrance Drive (see Figure 1). The property is currently used for grazing and cropping. Surrounding land uses are a mix of bushland and agricultural activities, such as cattle grazing.

The development consent involved the connection of 3 existing wells (KP1, KP2 and KP3) to the Ray Beddoe Treatment Plant, the continued production and sale of methane gas from the 3 wells, as well as the construction, drilling and operation of 2 surface to in-seam (SIS) wells (KP05 and KP06) from KP01.

On 21 October 2008, AGL lodged an application with the Department to modify the development consent for Kay Park under Section 96(1A) of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

2 PROPOSED MODIFICATION

The proposed modification involves changing KP06 well from an approved but not yet constructed SIS well to a directional well.

The main difference between an SIS and a directional well is that SIS wells are drilled vertically from the surface and intersect the coal seam once parallel with it. Once the well intersects the coal seam drilling continues horizontally along the coal seam for up to approximately 1,500 metres. This method increases the drainage area of the reservoir and stimulates the reservoir through the drilling process. SIS wells require continuous drilling over long periods, which, in the case of KP06, would require a drilling period of approximately 1 month.

Directional wells are drilled vertically to a depth of about 150m before the shaft is drilled at an angle until it intersects the coal seam at a depth of about 700m. The bottom of the directional well shaft could be located up to 400m from the surface location depending on the vertical depth of the coal seam and can therefore be drilled into areas that are

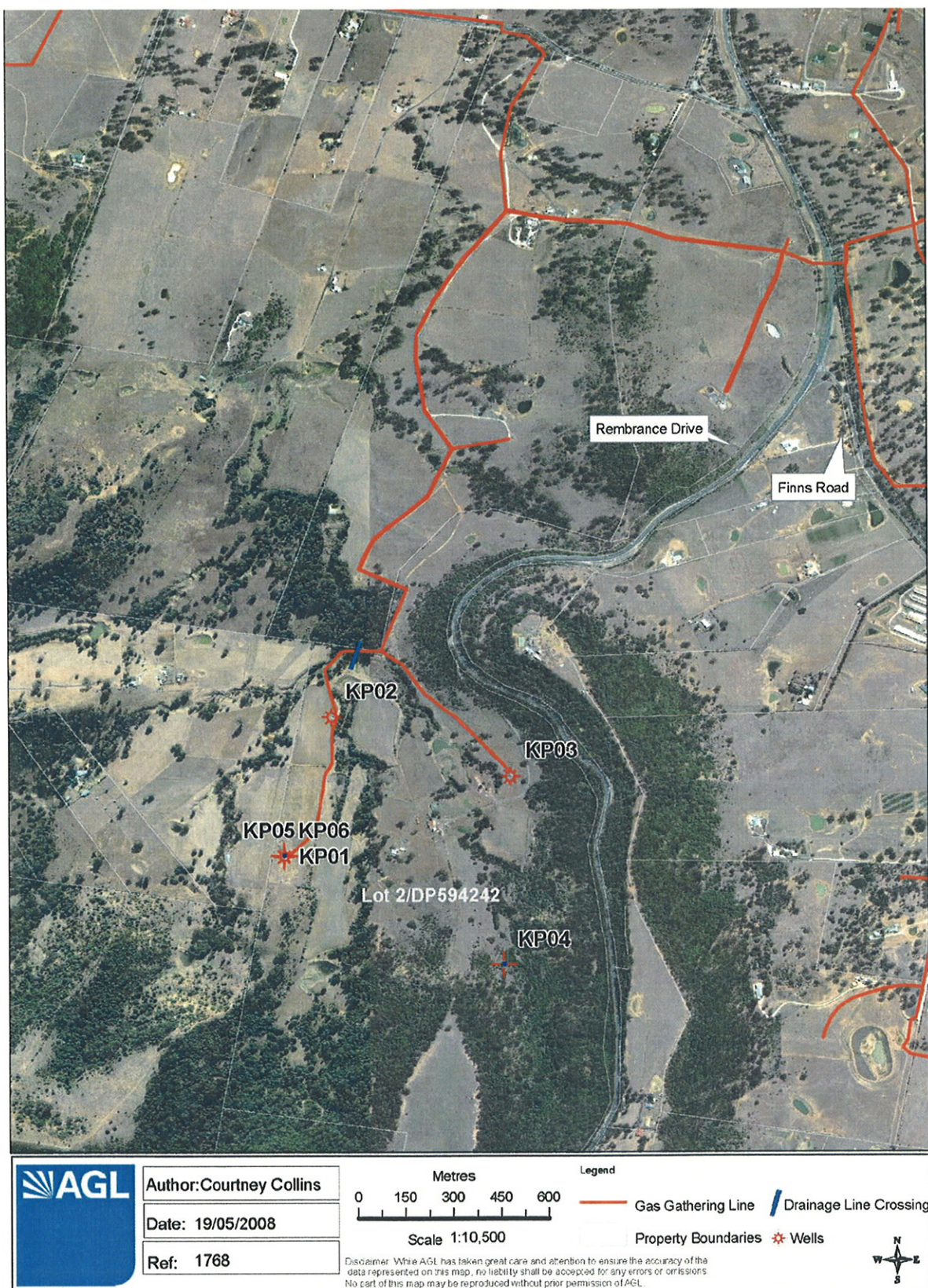


Figure 1: Location of Kay Park showing KP06 well

constrained for SIS well construction. More importantly, directional wells significantly reduce the duration of drilling; in this case from 4 weeks to up to 1 week.

The KP06 drill site has already been established for installation so no further construction work is required.

The assembly and operation of the KP06 directional well would be carried out in accordance with the approved Environmental Management System (EMS) for the CGP.

3 STATUTORY CONTEXT

Section 96

Under Section 96(1A) of the EP&A Act, a consent authority may modify a development consent if it is satisfied that:

- a) *the proposed modification is of minimal environmental impact, and*
- b) *the development to which the consent as modified relates is substantially the same development for which consent was originally granted and before that consent as originally granted was modified (if at all) under this section.*

The Department has assessed the potential impacts of the proposal (Section 5) and is satisfied that the proposed modification would be of minimal environmental impact and that the development (as modified) would remain substantially the same development for which consent was originally granted.

Consent Authority

The Minister was the consent authority for the original development application, and is therefore the consent authority for this application.

However, the Executive Director of the Major Project Assessment division may determine the application under the Minister's delegation dated 14 November 2007.

Consultation

The Department is not required to notify or exhibit a development consent being modified under Section 96(1A) of the EP&A Act.

4 ASSESSMENT

The Department's assessment of the key issues is summarised in Table 1 below:

Table 1: Assessment of Key Issues

Issue	Features/Impacts	Conclusion/Mitigating Factors
Noise	Potential construction noise impacts	- Unlike SIS wells, directional wells require fracture stimulation, which is the injection of a sand and water mixture at high pressure to fracture the coal seam, and often generate high noise levels. - Fracture stimulation is generally treated as construction noise as it only takes place between 4 – 6 hours during one daytime period. - DECC's <i>Guideline for Construction Noise</i> recommends noise goals for construction under 4 weeks in duration to be no greater than background + 20dB(A). - Noise levels associated with fracture stimulation at KP06 are predicted to be in compliance with this criteria and the proposal is unlikely to cause any exceedances. - DECC's <i>Draft Construction Noise Guideline</i> is nearing finalisation and if approved will supersede the existing guideline – it recommends that qualitative assessment should be undertaken, for construction periods of up to 1 week following which a noise management level should be employed (up to background + 10dB(A)).

		- The Department is aware that the company is seeking to commence drilling KP06 as soon as possible and considers it unlikely that the revised construction noise guideline will be adopted prior to this occurring. - The change in well type <u>would significantly reduce the duration of drilling time (i.e. from 4 weeks to 1 week) so the proposal would generally improve noise emissions, aside from some short-term high noise (fracture stimulation) impacts during the drilling process.</u> - To address this issue, the Department recommends, that Condition 7, Schedule 3 of the development consent be modified to include negotiation between residents and the proponent, to agree on a time, which is mutually beneficial to both parties in which to carry out the drilling/fracture stimulation works.
	Potential operational noise impacts	- Operational noise impacts were assessed as part of the original application and <u>approved noise limits apply to the development.</u> - Changing KP06 from an SIS to a directional type well <u>would not increase operational noise above the approved level.</u>
Other issues		No other foreseeable issues are anticipated as the drill site area has already been constructed and impacts such as soils, surface and groundwater, air pollution, flora and fauna, aboriginal and non-aboriginal heritage, visual amenity and traffic have <u>already been assessed as part of the original Statement of Environmental Effects (March, 2007).</u>

5 CONCLUSION

The Department has assessed the application in accordance with the relevant requirements of the EP&A Act.

This assessment has found that the modification would not lead to any significant environmental impacts, apart from some short term construction noise impacts which would be managed in accordance with the conditions of this consent.

The modification to a directional well would result in a reduced drilling duration which the Department sees as a positive outcome

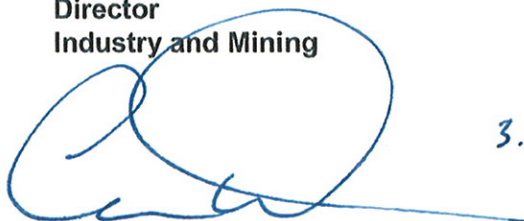
6 RECOMMENDATION

It is RECOMMENDED that the Executive Director:

- consider the findings and recommendations of this report;
- approve the application under section 96(1A) of the EP&A Act; and
- sign the attached notice of modification.

DKitto 3/12/08

David Kitto
Director
Industry and Mining



3.12.08

Chris Wilson
Executive Director
Major Project Assessment