



ASSESSMENT REPORT

PROPOSED MODIFICATION - CAMDEN GAS PROJECT

1. BACKGROUND

AGL Gas Production (Camden) Pty Ltd and Sydney Gas (Camden) Operations Pty Ltd (together the Applicant) are jointly developing a major coal seam methane gas project in the Camden, Wollondilly and Campbelltown local government areas, known as the Camden Gas Project.

Stages 1 and 2 of the project were approved in 2002 and 2004, respectively. The Minister has subsequently approved 4 extensions of Stage 2. Stage 1 is located in the Cawdor area and has 28 wells and a gas treatment plant. Stage 2 is located in the Menangle area and has 81 wells and a gas treatment plant.

On 16 May 2006, the Executive Director (under delegation from the Minister) approved the modification of the Stage 2 consent (DA 282-6-2003-i) for 3 directional wells (GL14, GL15 and GL16) on the Glenlee property. On 22 October 2006 the Executive Director approved an application to change GL14 from a directional well to a Surface to in-seam (SIS) well.

The Applicant is now seeking approval to further modify the Stage 2 consent by changing GL15 from a directional well to a SIS well.

2. PROPOSED MODIFICATION

On 16 October 2006, the Applicant lodged an application under section 96AA of the *Environmental Planning and Assessment Act 1979* (EP&A Act) to modify the Stage 2 consent to change GL15 from a directional well to a SIS well. The proposal involves the construction and drilling of a SIS well from the previously approved site of GL10, connection of GL15 to the existing gas gathering system, and production of methane gas.

The approved directional well extends about 350m in a south-easterly direction from the GL10 well pad. Other than the surface works at the well pad, the construction of the directional drilling involves only underground work and there are no surface works along the drill path.

The proposed SIS well would follow the drill path of the approved directional well from the GL10 well pad until it intersects with the coal seam at a depth of approximately 700-800m. A smaller-diameter hole would then be drilled entering the coal seam at 90 degrees to the seam for a distance of about 1500m. There are no surface works along the drill path. The proposed SIS well drill path and in-seam path are illustrated in Figure 1.

The implementation of new drilling technology has enabled the Applicant to drill multiple wells from a single surface location (GL10). Apart from the drilling of the in-seam hole through the coal seam, all other construction, commissioning, and production work and facilities are the same as for the approved directional well.

3. STATUTORY FRAMEWORK

The development consent for Stage 2 was originally granted by the Land and Environment Court on 16 June 2004. Under section 96AA(1) of the EP&A Act, a consent authority may modify a development consent granted by the Court if:

- (a) *it is satisfied that the development to which the consent relates is substantially the same development as the development for which consent was originally granted*

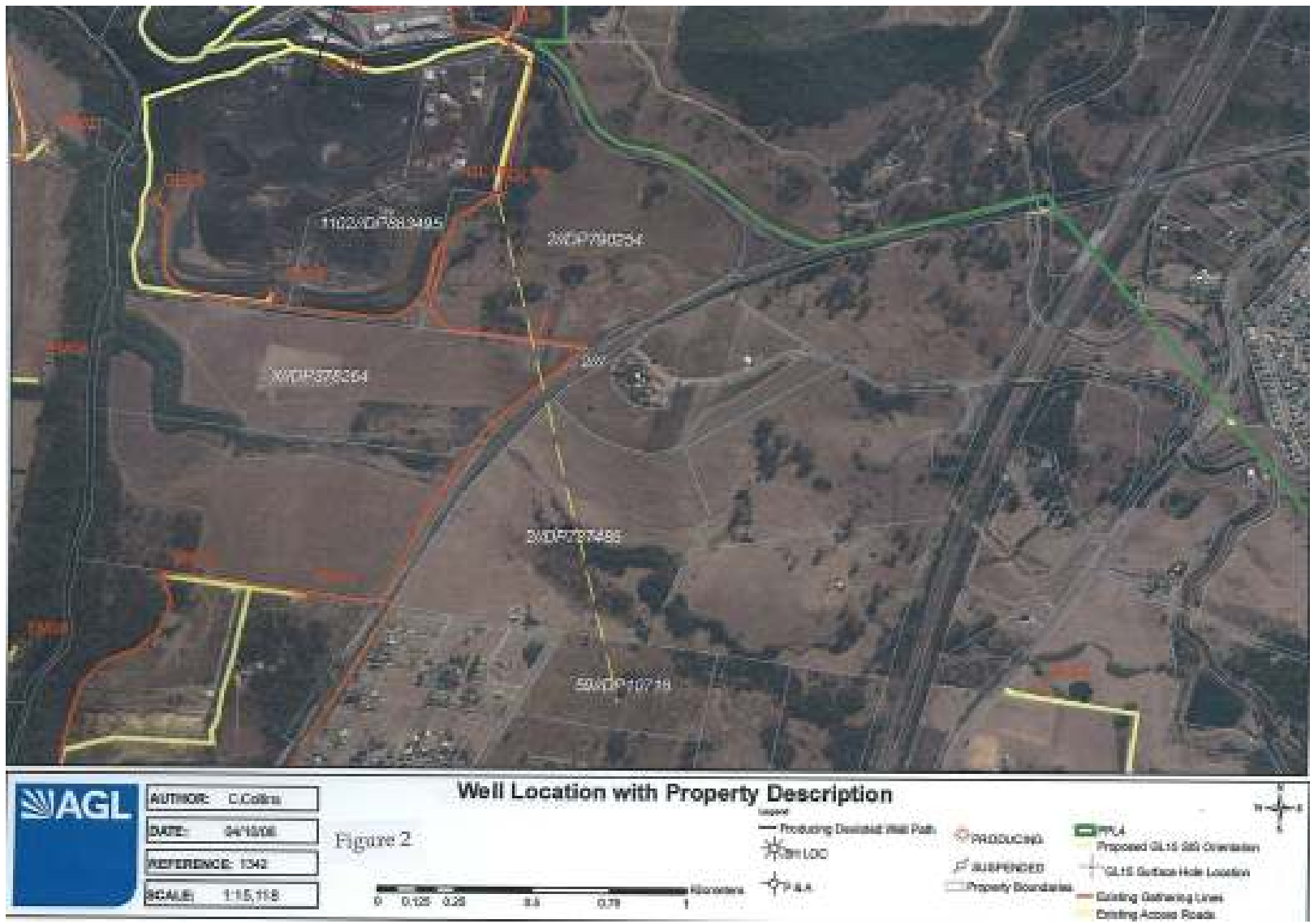


Figure 1 – GL15 SIS Well Location

- (b) *it has notified the application in accordance with
 - i) the regulations, if the regulations so require,...*
- (c) *it has notified ... each person who made a submission .. on the development application of the proposed modification by... written notice ..; and*
- (d) *it has considered any submissions made concerning the proposed modification ...*

The Department has considered the relevant requirements in section 96AA(1) of the EP&A Act and:

- (a) is satisfied that the proposal is substantially the same development for which consent was originally granted, being the development of gas wells for the production of coal seam methane gas. The only differences between the approved directional well and the proposed SIS well are the length of the drill hole and the construction method. These differences are considered to be minor and do not substantially change the nature and scale of the Camden Gas Project;
- (b) notes that there is no requirement under the *Environmental Planning and Assessment Regulation 2000* to notify the application; and
- (c) obtained legal advice which indicates that if the proposed modification is of minimal environmental impact, then the requirement to notify each person who made a submission on the original development application does not apply. The Department believes the proposal to change GL15 from a directional well to a SIS well has minimal environmental impacts, therefore there is no requirement to notify the proposal.

Therefore the Executive Director may determine the application under delegated authority, in accordance with the Minister's Instrument of Delegation dated 5 April 2006.

4. KEY ISSUES

The Department has assessed the application and Statement of Environmental Effects in accordance with the requirements of section 79C of the EP&A Act, and is satisfied that the proposal can be carried out without causing any significant environmental impacts.

Noise Impact

The major difference between the construction of the directional well and the SIS well is that once the in-seam drilling commences, the drilling operation is continuous for 24-hours/day 7 days/week. The Applicant estimates in-seam drilling of GL15 would take 10 days.

The Applicant has undertaken an acoustical assessment of the impact of night time drilling on the nearest residential receivers (Glenlee House and the residential area of Menangle Park) which are located approximately 725m south east and 1375m south west, respectively, of the surface works on GL10. The acoustical assessment concluded that the recommended noise criterion from the *Industrial Noise Policy* could be achieved by the proposed night time drilling. Furthermore, the noise assessment predicted a 2 dBA noise reduction could be achieved by the strategic layout/location of the drilling equipment at the drill pad. However, unlike the approved directional well the SIS well does not require fracing, which is the noisiest activity in the construction of a gas well.

The Department is satisfied that an adequate level of noise assessment has been undertaken and that subject to compliance with the night time noise limit and implementation of noise mitigation measures, the construction of the SIS well would have no significant adverse impact on the nearest residential receivers. The Department is satisfied that the existing consent conditions are adequate to manage the potential noise impacts of the proposal.

Other Issues

The Department has assessed other environmental issues associated with the proposal, including air and water quality, heritage, traffic, flora and fauna, and visual amenity. The Applicant has advised that apart from the 24-hour in-seam drilling, there are no major differences between the construction (and operation) of a directional well and a SIS well. The Applicant states that the environmental impacts of the construction and operation of the

SIS well are similar to those of the approved directional well. The Department is satisfied the Applicant has satisfactorily considered the impacts of the proposal and considers the potential environmental impacts could be adequately managed through the existing consent conditions.

5. RECOMMENDED CONDITIONS

The Department is satisfied that the existing conditions of consent for the project are generally adequate to manage the development as modified.

6. CONCLUSION

The Department has assessed the SEE for the proposal and is satisfied that the potential environmental impacts can be managed and mitigated to ensure an acceptable level of environmental performance.

The proposal allows the Applicant to extend the area from which coal seam methane would be recovered with minimal environmental impacts. The implementation of new technology enables a single surface wellhead installation with multiple wells, to gather gas from larger and more distant reservoir. The increase in the supply of natural gas would provide additional resources for the Camden Gas Project and provide economic and social benefits for the State and the region.

For these reasons, the Department believes that the proposal is in the public interest and should be approved, subject to conditions.

7. RECOMMENDATION

It is RECOMMENDED that the Executive Director:

- (i) consider the findings and recommendations of this report;
- (ii) determine that the development consent, as modified, would relate to substantially the same development to which consent was originally granted;
- (iii) approve the proposed modification (MOD 124-10-2006) under section 96AA of the *Environmental Planning and Assessment Act 1979*; and
- (iv) sign the attached notice of modification (Tag A).

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1 November 2006

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As delegate of the Minister for Planning