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24 October 2016

To: Rose-Anne Hawkeswood
Department of Planning and Environment

Submission: Narrabri Coal Seam Gas Utilisation Project Modification 4

Thank you for the opportunity to comment on this proposed modification of the Narrabri Coal Seam Gas Utilisation Project. We object to this modification.

Santos relies for this application for modification of the Narrabri Coal Seam Gas Utilisation Project on the *Petroleum (Onshore) Regulation 2016* changes which “enables the beneficial use of natural gas from petroleum exploration lease areas subject to relevant thresholds and criteria.” We are concerned that Santos is abusing these new provisions for “beneficial use” of gas obtained during exploration and that this project amounts to CSG production by stealth.

In any case, insufficient information has been provided about this project to make a reasonable decision.

Santos lists 27 wells in PEL238 as being subject of this application for beneficial use, but also notes that, “As exploration and appraisal continues within PEL 238 and PAL 2, approval for installation of additional pilot wells and supporting infrastructure may be sought.” Does the company seek a blank cheque for further CSG expansion without further development assessment and decision?

The combined provisions of the repealed Part 3A transitional arrangements and changes to the rules around exploration for coal seam gas seemed designed to enable Santos to undertake production of coal seam gas in the Pilliga by stealth. Specifically:

- Schedule 6 of the *Environmental Planning and Assessment Act 1979* allows the holders of former Part 3A development consents to continue modifying them under the repealed s75W *ad nauseum* with Ministerial approval and little to no scrutiny. Through this avenue, the Part 3A development consent issued in 2008 for the Narrabri CSG Utilisation project for a specific set of exploration wells which was supposed to last for three years, can continue to be amended to allow more and more “exploration” wells in the Pilliga to produce gas for use in the power station.
- Section 16 of the *Petroleum Onshore Regulation 2016* puts no time limit on the production of gas for “beneficial use” from exploration activities that are authorised by a development consent and specifies that gas produced and used under a development consent is not subject to royalties payments.
- In addition, section 6 of the *State Environmental Planning Policy (Mining, Petroleum and Extractive Industries) 2007* now makes any scale of petroleum exploration permissible *without* consent.

Santos could conceivably apply for activity approval for extensive new exploration projects without environmental impact assessment and continue modifying the Wilga Park Part3A approval to exempt them from having to pay royalties for what is, in effect, a CSG production project. Such an outcome would be utterly contrary to the public's expectation and would lead to environmental harm in the Pilliga forest and broader north west region.

In support of this request for modification, little to no information is provided by Santos about its justification, environmental impact or management.

Section 28B of the *Petroleum (Onshore) Act* allows for beneficial use of gas, "only if that gas would otherwise have been flared or released into the atmosphere as part of activities under the licence or lease." There is no information provided about how much gas is likely to be removed and utilised under this application, and no information provided that indicates that all of this gas would otherwise have been flared or released into the atmosphere. There is no assessment provided of the environmental impact of burning this gas in the power stations relative to flaring or releasing it.

There is no mention in the application material of Santos' full scale production project for 850 wells.

There is no information provided detailing the "minor pipeline modifications and operational preparations" involved in this application and what disturbance of vegetation may be involved in those preparations. This is insufficient information upon which to base a reasonable decision, unless that decision is to refuse the request, under the precautionary principle.

As this is a new provision, even if the works are minor the transfer of gas alone is significant enough to warrant referral to a PAC for proper interrogation, and proper public exhibition and review.

In a sleight of hand, the beneficial use clauses included in the regulation stipulate that "(3) For the purposes of section 28B (2) of the Act, royalty is payable under and in accordance with Part 7 of the Act in respect of any petroleum recovered by the holder of the petroleum title and used beneficially, **unless that recovery and use is authorised by a relevant development consent.**" This means that NSW will derive no direct financial benefit from the unknown quantity of gas to be extracted and utilised as a result of this modification.

Provisions for beneficial use of gas from exploration activities were purportedly made to benefit the environment, to ensure that methane gas removed as part of exploration activity was not released and flared, causing environmental harm, if another use of that gas were available. This application is clearly a mischievous application of those provisions that demonstrate major flaws in the regulation of gas exploration that must be closed.

A decision cannot be reasonably made to approve this request for modification. More information is required from the perspective of procedural fairness consideration of this application should be open to formal public scrutiny. Objection submissions should be heard in open forum of the Planning and Assessment Commission.

In short, the Minister should reject this modification application and require Santos to fully articulate its plan in the Pilliga, the quantity of gas it intends to extract and burn, or flare and release, and the length of time it intends to continue expanding its "exploration" activities with little to no environmental and public scrutiny.

The Minister must require Santos to undergo thorough Environmental Impact Statement process for any gas activities that amount to CSG production and allow such activities to be thoroughly scrutinised by the public.