

OUT16/39881

Ms Hawkeswood
Planner
Resources assessments, Planning Services
Department of Planning & Environment
GPO Box 39
SYDNEY NSW 2001

Email: rose-anne.hawkeswood@planning.nsw.gov.au

Dear Ms Hawkeswood

Re: Narrabri Coal Seam Gas Utilisation Project – (MP 07_0023 MOD 4)

I refer to your email of 12 October 2016 regarding a modification application submitted by Santos NSW (Eastern) Pty Ltd to modify the Narrabri Coal Seam Gas Utilisation Project.

The NSW Department of Industry, Division of Resources & Energy (the Division) has reviewed the *Narrabri Coal Seam Gas Utilisation Project (MP 07_0023) Modification 4*, dated August 2016 and provides the following advice:

The Division's assessment has been undertaken to determine the proposals implications to the development of the State's natural resources, whether sustainable rehabilitation outcomes can be achieved as a result of the project and that any identified risks or opportunities can be effectively regulated through the conditions of petroleum authorities issued under the *Petroleum (Onshore) Act 1991*.

It is understood that the proposal involves modifying the currently approved operation to allow use of natural gas extracted from exploration pilot wells in Petroleum Exploration Licence (PEL) 238 at the Wilga Park Power Station which is located in Petroleum Production Lease (PPL) 3.

The proposed modification does not include any further clearing / disturbance outside of already approved disturbance areas within the project boundary of the Narrabri CSG Utilisation Project approval. As only minor pipeline modifications and operational preparations are required to the existing approved infrastructure, it will not result in an increase to the environmental impacts.

The proposal is consistent with recent changes to the *Petroleum (Onshore) Regulation 2016* enabling limited beneficial use of gas from petroleum exploration lease areas. Clause 16 of the *Petroleum (Onshore) Regulation 2016* is included below for your information:

16 Beneficial use of gas: section 28B

(Former clause 13A of 2007 Reg)

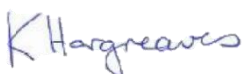
- (1) *For the purposes of section 28B (1) (a) of the Act:*
- (a) *all assessable prospecting operations authorised by an exploration licence or assessment lease, and by an activity approval, may be carried out to enable the beneficial use of gas, and*
 - (b) *all operations authorised by an exploration licence or assessment lease in relation to which a relevant development consent is in force authorising works that facilitate the beneficial use of gas may be carried out to enable the beneficial use of gas.*
- (2) *In relation only to an assessable prospecting operation authorised by an activity approval, for the purposes of section 28B (1) (b) of the Act:*
- (a) *the right to the beneficial use of gas conferred by section 28B of the Act is limited to a period of 1,000 days (whether or not consecutive), per well, in total, and*
 - (b) *gas cannot be used beneficially unless the activity approval for the assessable prospecting operation involved specifically extends to include the beneficial use of the gas.*
- (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.*
- (4) *In this clause:*
relevant development consent *means development consent or approval granted under Part 3A, 4 or 5.1 of the [Environmental Planning and Assessment Act 1979](#) before 18 December 2015.*

The Division regards the proposal as an appropriate use of the State's gas resources extracted during exploration activities, ensuring the effective use of the resource that would otherwise be wasted through flaring.

The information provided by the Proponent adequately identifies and addresses risks to the environment associated with the modification. The Division has no objections to the proposal.

Should you have any enquires regarding this matter please contact Steve Cozens, Senior Project Officer on (02) 9842 8573.

Yours sincerely



Kylie Hargreaves
Deputy Secretary
Resources & Energy