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Dear Stephen

Narrabri Gas Project – Environmental Impact Statement Review

Thank you for your correspondence of 20 February 2017 inviting the Division of Resources & Geoscience (the Division) to comment on the Environmental Impact Statement (EIS) for the Narrabri Gas Project (the Project) submitted by Santos NSW (Eastern) Pty Ltd (Santos) on behalf of its joint venture partners.

The Division has reviewed the EIS and has assessed the project with regards to project to economic benefits, resource recovery and utilisation (**Addendum A & B**). A memo on the project status as a strategic energy project is also provided (**Addendum C**).

Under the *Petroleum (Onshore) Act 1991* Santos is required to hold appropriate petroleum production leases from the Division in order to conduct petroleum extraction.

The Project area incorporates Petroleum Assessment Lease 2 (Act 1991) (PAL 2) and Petroleum Production Lease 3 (Act 1991) (PPL 3) held by the proponent. Four separate petroleum production lease applications have been lodged by the proponent. Petroleum Production Lease Applications 13, 14, 15 and 16 (Act 1991) (PPLA 13, 14, 15 and 16) lodged by Santos on 1 May 2014, which will allow petroleum extraction if granted, are pending subject to the Project gaining development consent. Petroleum production leases can only be granted over an area of 4 blocks or less and cannot be granted for any activities not specified in the development consent.

Petroleum Exploration Licence 238 (Act 1991) (PEL 238) will continue to be held around titles associated with the Project.

In order to comply with the *Native Title Act 1993* (Cth) and the *Native Title (New South Wales) Act 1993* (NSW) a production lease must not be granted unless native title has been extinguished over the entire area of the application, or the right to negotiate process has been completed. The proponent has commenced the right to negotiate process with relevant registered native title holders or claimants.

The Division also notes that the Biodiversity Offset Strategy (BOS) has not yet been developed, that *“offset sites in the region will be investigated post submission of the Environmental Impact Statement”*. Should offsets be proposed, there is some potential that any biodiversity offset area proposed by Santos will impact on other resource types. The study area, and the region surrounding, contain extractive resources as well as coal and coal seam gas. The Division recommends it is consulted as part of the BOS process, in order to assist in identification of areas not likely to impact on other resource area.

In satisfying the NSW Government's Gas Plan (November 2014), the Division seeks that the project demonstrate sustainable rehabilitation outcomes to deliver world's best practice standards and regulation for the Coal Seam Gas Industry, while contributing to the safe and sustainable development of gas supply for the state.

In meeting this objective, the Division recommends the following additional information is provided:

Well Decommissioning/Suspension Protocols

The EIS is not clear on the protocols for when petroleum wells (and associated infrastructure) are to be decommissioned (or abandoned) other than acknowledging it will occur when wells are “no longer economically producing gas”.

Clarification on the criteria to be used by the proponent when identifying wells ready for decommissioning may assist with rehabilitation planning.

Final Land Use

It is noted that the EIS has provided the preliminary objective of returning the land to its original vegetation community or former agricultural activity. Clarification of the protocol to map pre-disturbance vegetation communities (or capability class target for agricultural land) and how this information will be recorded and reported in order to determine final landuse (rehabilitation completion criteria) for each site is required.

Top Soil Management

Clarification on topsoil storage protocols for the extended period between partial rehabilitation and final rehabilitation of well sites and other infrastructure sites is required. In particular, the methodology of recording topsoil placement location to ensure is retained for final rehabilitation.

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Conceptual Final Landform Plan

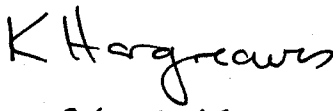
Conceptual final landuse plans are required for the Leewood and Bibblewindi infrastructure areas to clarify the final landform for the produced water storage ponds located at these sites and if any infrastructure is to be retained.

Removal of Infrastructure

The EIS notes that all gas and water gathering lines will be left insitu following decommissioning. Clarification is required for circumstances where landowner requires these gathering lines to be removed.

Should you have any further questions in relation to this matter, please contact Dr Chris Yeats, Executive Director Geological Survey of NSW, Division of Resources & Geoscience, at the Department on 02 4931 6404.

Yours sincerely


24.5.17

Kylie Hargreaves

Deputy Secretary Resources & Geoscience

Encl.

Addendum A - Resource Assessment - Narrabri Gas Project

Addendum B - Resource Assessment Appendix A - Narrabri Gas Project

Addendum C - Strategic Energy Project - Narrabri Gas Project