

Comments on Modification 3 to Narrabri Coal Seam Gas Utilisation Project (MP 07\_0023)  
as submitted by Santos.

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22<sup>nd</sup> December 2013

Madam

I am informed that this Modification was not required to go up for public comment, however having read the submitted Modification document, a number of issues were raised and in the balance of fairness need taking into consideration when deciding any Approval.

Upon observing the “request to modify a major project” application, it is noted that there is no actual date anywhere that indicates when this application was signed or submitted for consideration by the NSW Department of Planning and Infrastructure. The only date on the Application is the date when the original Project 07\_0023 Approval was granted. That was 2<sup>nd</sup> December 2008. Surely for an application to be correct and legal a date of signing as well as lodgement must be located in the provided spaces on the application?

Santos also needs to be more specific as to which part of *“condition 1 of the project approval is to be amended to refer to this application”* (see last sentence of 3.2. use of gas from PAL 2 and PPL 3 on page 7)

Santos, wants to make what they consider to be a small word change as stated in the last paragraph of 3.2 on page 7. This is by no means a small change for it allows gas extracted from extra lateral wells placed under existing laterals to be fed into the Wilga Park Power Station and thus legitimizing the branding of multi-level lateral wells as being the same as single level lateral wells, when clearly they are not due to amongst other things, the unknown amount of produced water removed from each lateral in the various coal seams.

The water extracted at each lateral needs to be separately monitored and recorded for quantity removed as well as chemically and bacterially analysed with full records publically available, for it is this information that will be used to determine the correct and safe water treatment/use and by-product disposal in the future.

The requested wording change does not identify the coal seams, as the original wording does, this should be corrected. The requested wording change is too open ended and could lead to wells being drilled at many varying levels between the ground surface and the deepest accessible coal seam. This concern is further reinforced by what Santos has stated in the second sentence of the second paragraph in the same 3.2 section *“Santos seeks approval to use gas from these pilot wells and other wells which may be constructed within PAL 2 and PPL 3 in the future.”*

This then leads to the question as to when Exploration ceases to be Exploration and becomes Exploration with a monetary gain or more correctly “production”.

If PPL stands for Petroleum Production Lease and PAL stands for Petroleum Assessment Lease, then

surely only the gas from the PPL can be used in the Wilga Park Power Station and a return legitimately obtained. Surely, by definition the PAL cannot be used to obtain a monetary return? If I remember correctly Eastern Star Gas was granted approval under the Original Approval to establish if the gas removed from the existing wells in PAL 2 and PPL 3 could sustain a viable Industry. Since then the wells in PPL 3 have all but 'dried-up' and the loss of gas to the power station was made up by piping the Tintsville Wells to the power station. These wells are outside the PPL 3 area and hence the use of that gas in the power station is and was not approved under the Project Approval 07\_0023 nor was any modification for this gas usage approval applied for.

To Santos's credit they are not applying (as yet) to pipe this gas from the Tintsville pilot into the Wilga Park power station along the pipeline from PPL 3 but the connections are there and have been used by Eastern Star Gas.

Some of the wells in PAL 2 are also not on the list as contained in the Modification 3 Application. In 4.2 the Applicant mentions that it is preferable to use the gas in the Wilga Park Power Station to generate electricity as this would minimise flaring of gas from the wells in PPL 3 and PAL 2, under the current Department of Planning and Infrastructure Part 3A Approval, flaring of any existing wells in either of these Leases is not being carried out once the Power Station is brought on line and the generator gas consumption capacity meets the well supply capacity. Flaring of the gas produced from existing wells in these PPL and PALs is purely at the decision of the Applicant and not a safety or any other issue. (The applicant claims to be able to close off the wells completely with no damage to any infrastructure either above or below ground. Flaring is purely a commercial decision within the PPL and PAL).

The decision to have the produced gas from future or "worked over and/or improved" wells (by the addition of extra lateral leads) added to existing wells with-in or adjoining the PPL and PEL to the Wilga Park Power Station, should be subject to an Approving Authority, be it The Office of Coal Seam Gas under an Exploration Application or the Department of Planning and Infrastructure and should not be "an automatic given" as the applicant of this Modification 3 to 07\_0023 seems to be asking for.

#### 3.1.1. Proposed Riser

I have some concerns with the dissimilar metals used on the 'riser' at Leewood and what could be the result should corrosion not be seen and addressed (specifically the ability from galvanic action to occur between the various different metal components of the riser and valving). As stated this riser will, from time to time be subjected to a fluid that has the properties and capability of being an electrolyte (produced water and storage pond concentrated water), so what measures and inspections will be undertaken to ensure that there will be no possible accidents due to natural dissimilar metal reaction.

Then there is the material of the *"Temporary above-ground pipes, pumps and fittings that would be connected to the riser"* as well as the pump seals. What is the construction material, how will these stand up to the fluids that they are being exposed to and how long is temporary, what preventative measures are in place and are they sufficient?

This concern is raised based on Corrosion Technology.

## Section 7: Conclusion- the four dot points.

These should be looked at as statements and not reasons for the automatic approval of the Modification 3. There is no attached, reviewed evidence to support these claims and at least one can be taken as an admission that the only reason for using the coal seam gas in the Wilga Park Power Station is to make money.

Narrabri and surrounding areas reliable house hold power supply, does not rely solely on the capability of the extracted gas to produce electricity at Wilga Park, but rather on the failing wires, poles and transmission gear.

The Department of Planning and Infrastructure needs to look at what is stated in the Application for Exploration REF's regarding the length of time that a piece of Gas Infrastructure is to be in use before the Department of Planning and Infrastructure approves improvements or modifications to that Infrastructure.

As an example; The Tintfield produced Water Storage Dams located on Wilga Park had an applied for life of only 18 months and that was almost 3 years ago. The Dewhurst 8 Lateral Production Pilot was supposed to be plugged, abandoned and rehabilitate after 2 years.

As there is an application in for Modifications to the gas line passing through the Leewood- Produced Water & Brine Management Ponds complex, I felt it only fair to quote the Exploration REF to show how by applying for Modifications to the Narrabri Coal Seam Gas Utilisation project there can be some form of "next stage approval" granted.

The Leewood REF states on page 1 under "Proposed activity scope" states: *"The proposed activity will take approximately six months to construct and will operate for the duration of Santos' coal seam gas (CSG) exploration activities in PAL 2 and Petroleum Exploration Licence 238 (PEL 238). The proposed activity has a design life of 25 years; however operation beyond the period of exploration would be subject to further environmental assessment and the approval of a petroleum production project. Should this not occur, the proposed activity would be decommissioned and the project area rehabilitated in accordance with the conditions of PAL 2"*.

As can clearly be seen, Santos is applying to have Modifications that could be seen to lock in the Leewood Complex as part of the Narrabri Coal Seam Gas Utilisation Project, without having to do a full Environment Assessment, because that Department has already approved part of the application without one. The above can be applied to the existing wells, pipelines and other Infrastructure within PAL 2 and PPL 3 that was there with Exploration Approval only.

This area is very "grey" and should be addressed with the only real solution being, a full Environmental Assessment each time a Modification of any kind to the Exploration Activities in PEL 238 is presented to the Department of Planning and Infrastructure

Santos is in effect, requesting a New Major Projects Application without having to go to the trouble of putting in a new Application with all the current up-to-date studies that that will entail.

The Modifications, Omissions as well as the open-ended statements as contained in the Modification 3 Application are substantial and hence this Modification Application does warrant a new Project Application and not a continual Modification of an outdated Model.

Please reject or at least insist on an Environmental Assessment for this Modification or maybe defer the Modification Approval until the EIS showing Santos' plans for the area is released in mid-

2014 and a better picture of what is required, as well as under what governance rules the future development will fall.

Best do it right and do it once, after all the Applicant has stated that they are still in the Exploration and proving viability phase.

[REDACTED]  
[REDACTED]  
[REDACTED]  
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