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Mr Stewart Todd
General Manager
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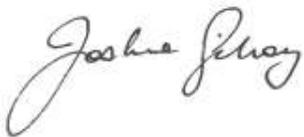
Dear Mr Todd

Thank you for the opportunity to provide additional information regarding the Narrabri Gas Project assessment and outstanding items raised by the Narrabri Shire Council. Attached are the responses that have been prepared in consultation with the relevant technical consultants for the project on the five outstanding items raised by Narrabri Shire Council.

- Monitoring of natural gas wells and gathering lines
- Rehabilitation Fund
- Road Maintenance Agreement
- Social impacts on vulnerable groups
- Capacity of local waste facilities for waste salt

Please contact me on 07 3838 3768 if there are any queries regarding these responses.

Yours sincerely,



Joshua Gilroy
Social & Environmental Studies Coordinator
Santos Limited

1. Monitoring of natural gas wells and gathering lines

Council is **not satisfied** with the response provided by the applicant and reiterates its previous comments, being:

Council is of the view that the precautionary principle should be applied in this matter and indefinite monitoring of decommissioned coal seam gas wells by a public authority should be required until there is a sufficient body of evidence by way of long-term studies to conclude that the risk of contamination of water resource aquifers is negligible.

Council's Recommendation 8

Should development consent be granted Council requests:

- 1. That the Proponent pay for independent third party monitoring of decommissioned coal seam gas wells indefinitely.*
- 2. That the monitoring be overseen by the EPA and results published on the EPA website.*

Reason: *To ensure that decommissioned coal seam gas wells do not contaminate water resource aquifers.*

Can Santos' provide a response to item 1 above?

In addition to complying with the relevant legislation, Santos commits to engage an independent third party (e.g. CSIRO) to conduct a study into the integrity of decommissioned wells across its operations, including in Queensland. This study will provide a baseline assessment of the long-term integrity of decommissioned coal seam gas wells. The study will subsequently be reviewed and updated throughout development and decommissioning of the Narrabri Gas Project.

As discussed in the RTS, wells that have reached the end of their functional life will be plugged and decommissioned in accordance with the NSW Code of Practice for Coal Seam Gas – Well Integrity (NSW Trade and Investment 2012), or the applicable code in place at the time of decommissioning. As part of relinquishment processes under the NSW Petroleum (Onshore) Act 1991, records of the plug and decommissioning process undertaken for each well are provided to the NSW Government.

Final rehabilitation will take place, with sites relinquished, in accordance with processes set out under the Petroleum (Onshore) Act 1991. Final rehabilitation and relinquishment reports are provided for each well site to the NSW Government for assessment through the NSW Resources Regulator. The relinquishment must be approved prior to release of the security deposit held in relation to the infrastructure.

At the cessation of production, gathering systems and pipelines would be isolated at their connection points. The pipelines would then be isolated, drained, vented and capped in accordance with the Australian Pipeline Industry Association (APIA) Code of Environmental Practice for Onshore Pipelines (2013), or the applicable code in place at the time of decommissioning. After the well sets are decommissioned, the subsurface components of the gathering system would remain in situ, and vegetation maintenance within the gathering system corridor would cease. All above ground components of the gathering system would be removed, including all pipeline marker signs.

2. Rehabilitation Fund

Council is **not satisfied** with the response provided by the applicant and reiterates its previous comments, being:

Council is of the view that a “world class regime for the extraction of gas” cannot be achieved unless the State holds sufficient financial assurance to cover the true cost of rehabilitation, pollution and natural resource damage both on-site and off-site and unforeseen long term impacts.

Council’s Recommendation 9

Should development consent be granted Council requests:

- 1. The Proponent shall pay a security deposit in the form of a cash bond or bank guarantee of an appropriate amount that covers the true cost of rehabilitation.*
- 2. The Proponent shall carry pollution legal liability insurance that covers pollution and natural resource damage both on-site and off-site including groundwater contamination and for the benefit of the insured, third parties, and contractors.*
- 3. The Proponent shall contribute to an Environmental Fund (similar to the Western Australian Government Mining Rehabilitation Fund) established to cover off-site remediation and rehabilitation including groundwater contamination and other long term, gradual onset damage.*

Council’s Recommendation 10

Should development consent be granted Council requests:

1. That the DPE:

- a. Publish details of the financial assurance that the State will hold to cover the cost of on-site and off-site remediation and rehabilitation in the event of sudden accidental pollution and from unforeseen and long term impacts of the Project including groundwater contamination, and*
- b. Explains the methodology used to determine that this amount is sufficient to ensure that no costs are passed on to the Public.*

Reason: *To provide public confidence that the amount of financial assurance that the State holds is sufficient to cover the cost of rehabilitation and the Public are protected in the event of sudden accidental pollution caused by the Project and from unforeseen and long term impacts of the Project including groundwater contamination.*

Can Santos’ provide a response to item 2 above?

As a condition of tenure the proponent is required to lodge a security deposit for the full cost of rehabilitation of its activities in accordance with Council’s recommendation 1 above. The value of the security is independently verified by an appropriately qualified third party and approved by the NSW Government. The security remains in place until the NSW Government is satisfied that rehabilitation has been successfully completed.

In relation to recommendation 2 above, should an event occur that causes harm to the environment (both on-site and off-site), the current legislative framework (including both the *Petroleum (Onshore) Act 1991* and *Protection of the Environment Operations Act 1997*) would result in the proponent being given a direction to rectify the harm, and may include a mechanism for cost recovery and prosecution if the proponent does not complete the works in compliance with the direction.

Recommendation 9 of the Chief Scientist and Engineer's Final Report of the Independent Review of Coal Seam Gas Activities in NSW (September 2014) was "that Government consider a robust and comprehensive policy of appropriate insurance and environmental risk coverage of the CSG industry to ensure financial protection short and long term. Government should examine the potential adoption of a three-layered policy of security deposits, enhanced insurance coverage, and an environmental rehabilitation fund". In the report, *Implementing the Final Report of the Chief Scientist and Engineer's Independent Review of Coal Seam Gas Activities in NSW* (October 2015), the NSW Government stated that actions to address this recommendation were in progress. It is the proponent's understanding that the NSW Government is currently finalising a proposal to address this recommendation.

In relation to Council's recommendations 2 and 3 above, it is the proponent's understanding that the NSW Government will develop a policy framework to address *legacy contamination, long-term liabilities and unforeseeable events* and that the NSW Government is currently finalising a proposal. Once this policy framework has been implemented, it is expected that this will satisfy the items raised by the Narrabri Shire Council.

3. Road Maintenance Agreement

Council is **not satisfied** with the response provided by the applicant and reiterates its previous comments, being:

That the Proponent be required to enter into a road maintenance agreement with Narrabri Shire Council.

Recommendation 15

Should development consent be granted Council requests:

1. That the Proponent be required to enter into a road maintenance agreement with Narrabri Shire Council.

Reason: *To ensure the Narrabri Shire community is not unfairly burdened by maintenance of road infrastructure as a result of the Project*

Can Santos' provide a response to item 3 above?

The proponent is in the process of developing a Road Maintenance Agreement which will be negotiated with the Narrabri Shire Council to address concerns raised in relation to the ongoing maintenance of council roads utilised. It is intended that this Road Maintenance Agreement is negotiated with Council during October 2019.

4. Social impacts on vulnerable groups

Council is **not satisfied** with the response provided by the applicant and reiterates its previous comments, being:

The Proponent acknowledges "The potential for localised inequality in the distribution of potential socioeconomic benefits or impacts ... " (Santos NSW (Eastern) Pty Ltd, 2018, p. 5-145).

According to the Proponent, "Social impact monitoring would be undertaken in line with the proponent's Social Impact Management Plan." Investment in social infrastructure and services will be provided through "... the Gas Community Benefit Fund ... " (Santos NSW (Eastern) Pty Ltd, 2018, p. 5-145).

Council is of the view that the Gas Community Benefit Funds should not be used to provide essential services and infrastructure but rather support improved economic and social outcomes for the community so that the people of Narrabri benefit from the Project not merely maintain the status quo.

The SRTS identifies that NSW Health did not raise social impacts on vulnerable groups as a concern in their submission dated 6 September 2018 on the RTS document. Subsequent discussions with NSW Health have indicated that they would not ordinarily provide comments on social impacts. Nevertheless, Council In this regard a revised recommendation 17 is provided for this issue:

Recommendation 17

During the assessment of the application, Council requests:

That the proponent enter into a VPA with Council that reflects the socio-economic impacts in, and immediately around, the locality and provides a lasting net economic benefit to the locality, the wider Narrabri Shire.

Can Santos' provide a response to item 4 above?

The proponent is in the process of entering into a Voluntary Planning Agreement which will be negotiated with the Narrabri Shire Council to address concerns raised about the potential socioeconomic benefits or impacts within the immediate locality while providing lasting net economic benefit to the wider Narrabri Shire. It is intended that this Voluntary Planning Agreement is negotiated with Council during October 2019.

5. Capacity of local waste facilities for waste salt

Council is **not satisfied** with the response provided by the applicant and reiterates its previous comments, being:

Recommendation 19

During the assessment of the application Council requests:

That the EPA satisfies itself that the facilities to be utilised for waste salt disposal have long term capacity to accept it and adequate contingency planning is in place for disposal of waste salt.

Can Santos' provide a response to item 5 above?

Santos understands that the Narrabri Waste Management Facility does not have the capacity, or appropriate design/construction, to accept Santos' salt waste.

The proponent has identified six NSW landfills within a 150 km radius from the project and a further four from 150km to 200km of the project that are licensed to accept general solid (non-putrescible) waste. In the event that none of the ten options identified within 200km of the project are able to accept the waste, a number of alternative options exist in the greater Sydney region.

Should the NGP be approved, and prior to commencing production, Santos would identify a suitable facility(ies) to lawfully accept salt waste. This would be determined in discussion with the owners/operators of the facility(ies) and the EPA and would be influenced by the following factors:

- Acceptance by the Council or owner/operator of the facility
- Landfill capacity and design
- EPA acceptance
- Distance from the site
- Community acceptance.

The proponent's priority is to beneficially reuse brine/salt and reduce waste to landfill.

Santos is committed to conducting a Beneficial Reuse and Salt Waste Study prior to commencement of production (operation of gas production wells and related infrastructure) in order to optimise beneficial reuse opportunities in addition to the Waste Management Plan outlined in the Narrabri Gas Project EIS.

Salt that is unable to be beneficially reused and needs to be disposed of is classified as general solid (non-putrescible) waste in accordance with the Waste Classification Guidelines (EPA 2014). As discussed in the EIS, RTS and SRTS, there are a substantial number of waste facilities available within NSW, including government and privately owned facilities, which collectively are licensed to receive general solid waste at the required volumes. The average volume of salt produced annually by the project would be a very small proportion of the overall capacity of these facilities.