



The Hon Anthony Roberts MP

Minister for Resources and Energy
Special Minister of State

MEDIA RELEASE

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RENEWAL OF PETROLEUM EXPLORATION LICENCE 285

Minister for Resources and Energy Anthony Roberts today announced the renewal of AGL's Gloucester Petroleum Exploration Licence (PEL) 285 for six years.

Mr Roberts said the renewal of PEL 285 was based on a rigorous assessment by the Office of Coal Seam Gas (OCSG).

"The OCSG recommended the renewal of PEL 285 due to AGL's performance in relation to compliance, environmental performance, safety, its financial and technical capacity and its high level of community consultation," Mr Roberts said.

"As part of the renewal, AGL will relinquish 25 per cent of its PEL area.

"AGL must meet the NSW Government's strict licence conditions in relation to community consultation, groundwater monitoring and modelling, produced water management, well integrity and fracture stimulation."

Last September AGL applied to fracture stimulate four existing wells, known as the Waukivory Pilot Project, within PEL 285.

Mr Roberts said the OCSG has granted an activity approval and has approved AGL's Fracture Stimulation Management Plan. The OCSG obtained advice from the Environment Protection Authority (EPA), the Office of Environment and Heritage, the NSW Office of Water, the Department of Primary Industries and an independent expert in making its decision. The OCSG also considered submissions from the Gloucester Groundswell community group.

"AGL's application included a Review of Environmental Factors, an Agricultural Impact Statement and a Fracture Stimulation Management Plan. A Groundwater Modelling and Monitoring Plan, as well as a Produced Water Management Plan must be completed," Mr Roberts said.

"AGL must comply with the NSW Government's Code of Practice for Coal Seam Gas Fracture Stimulation Activities and Code of Practice for Coal Seam Gas Well Integrity. The NSW Chief Scientist and Engineer, Professor Mary O'Kane, provided independent comment and recommendations on the draft codes, based on advice from the expert reviewers," he said.

Fracture stimulation fluid is made up almost entirely of water and sand, 99 per cent on average.

Water not only creates small fractures in coal to release natural gas, it also delivers sand, which keeps the newly created fractures open so that gas can flow from a coal seam into the well. The small amount of material that remains in the fracture is an additive to control the growth of bacteria in the well.

In NSW, all chemicals involved in the fracture stimulation process must be identified, including the volumes and concentrations to be used, as part of the Fracture Stimulation Management Plan.

The ten chemicals to be used in this fracture stimulation are also used in most households, such as in food additives, soaps, detergents, hair products, cosmetics, medications and preservatives. For more information visit:

www.resourcesandenergy.nsw.gov.au/landholders-and-community/coal-seam-gas/gloucester-gas-project

The OCSG commissioned an independent expert assessment of the design component of the Fracture Stimulation Management Plan, that declared AGL had met the mandatory requirements of the Code of Practice, and that the design components were competent.

Failure to comply with title conditions can result in enforcement action against the title holder, including prosecution, title cancellation or a maximum penalty of \$1,100,000.

Mr Roberts said the NSW Liberals & Nationals Government has established the most comprehensive regulations in the country for Coal Seam Gas, implementing 30 reforms, including:

- An Aquifer Interference Policy to protect water resources;
- Codes of Practice for hydraulic fracturing and well design;
- Banned the use of harmful BTEX chemicals;
- Banned the use of evaporation ponds;
- Requiring CSG operators to hold an EPA Environment Protection Licence;
- Strategic Regional Land Use policies; and
- the appointment of the State's first Land and Water Commissioner.

"The former Labor Government handed out PELs but neglected to put in place protections for valuable agricultural land, protections for aquifers, well integrity and did not have an advocate for landholders," Mr Roberts said.

"The NSW Liberals & Nationals Government has made it clear that any growth in the State's gas industry must be safe, environmentally sustainable, protect our land and water resources and communities.

"This must be balanced with providing secure, reliable and affordable energy for the State's households, businesses and industry.

"NSW currently produces five per cent of its gas needs. AGL's Gloucester project has the potential to increase that production to around 20 per cent. This will not be the only solution to our reliance on gas from interstate but it is a significant and vital step in the right direction to improve supply for NSW," he said.