Response given to Four Corners on Gloucester Gas project and water

Response below given March 21, 2013

General comment

A number of the questions you ask relate to the lodgement of post-approval documents that must be provided by AGL before construction can commence. No post-approval management plans or other documents have yet been submitted. The department understands that AGL has been waiting for Commonwealth approval before preparing and submitting these documents. This approval has only recently been given and the department understands that AGL is currently working on preparing this suite of documents.

Specific responses

Question: Has the company produced a water management plan and have you approved this, which allows construction to begin on the project approval? What is the outcome of this and how can you guarantee it is a good outcome?

Answer: No, AGL has not submitted a water management plan.

Question: Is it true the residents were prohibited from undertaking an objector merit appeal against the project because it was approved as a concept plan?

Answer: The Gloucester Gas concept plan and project application were both approved under the former Part 3A assessment system, which has now been repealed. Under that system, objector appeals on the grounds of merit were not available where a concept plan had been approved. In the case of this proposal, however, other avenues of appeal were still open to objectors and these were pursued in the Land & Environment Court. The Court upheld the approval.

Question: Has the company now passed all steps to allow production drilling to begin?

Answer: No.

Question: Condition 2.1 of Concept Plan approval (page 7) mentions an amendment - "demonstration that the nature of environmental impacts associated with the project are generally consistent with the nature of environmental impacts identified for the Stage 1 project" - has this been demonstrated or specifically set out in a subsequent report from AGL?

Answer: This condition applies to future stages of the project (the Subsequent Stages Project, as defined in the Concept Plan approval). No application for any future stage or stages of the project has been lodged.

Question: Condition 3.7 of the Project approval (page 7) - Has AGL agreed with this condition not to use fracturing fluids containing benzene, toluene, Ethylbenzene and Xylene (btx)?

Answer: Yes. In fact, the use of BTEX chemicals as additives during coal seam gas drilling has been banned by the NSW Government.

Question: In section 1.6 (Limits of Approval p5) it says additional assessment and approval is needed for "direct re-injection of groundwater produced during gas well development back into groundwater aquifers as a water disposal option". Has this approval been sought/given?
Question: In section 1.7 statutory requirements it says all necessary licences, permits and approvals are required. Are you able to be more specific about what is required and whether they have been granted?

Answer: This includes, but is not limited to, an Environment Protection Licence (EPL) under the Protection of the Environment Operations Act 1997 and a water access licence under the Water Management Act 2000 or similar licence under the Water Act 1912. EPLs are regulated by the Environment Protection Authority (EPA) and water licences are regulated by the NSW Office of Water (NOW). Questions about EPLs and water licences should be referred to EPA and NOW, respectively.

Question: Has AGL submitted DII location sheets identifying the final location of wells? (Project Design Requirements - 2.1 p6) If so, can I please access?

Answer: No, these have not been submitted.

Question: Has AGL submitted the updated "conceptual hydrological model" requested in section 3.8 (p7) and has this been approved? Has AGL provided “written evidence of consultation with NOW on the robustness and technical veracity of the model”? (section 3.9 p8) Is it possible to access this written evidence?

Answer: No, the model has not been submitted.

Question: Has AGL submitted a Field Development Plan (section 3.10, p8), and an Extracted Water Management Strategy (section 3:12 p8), a Groundwater Monitoring Program (section 4.1 p19) and a numerical hydrogeological model (section 4.2 p 20)?

Answer: No.

Question: Has AGL obtained all the relevant water licences from NOW for groundwater extraction (section 3.11 p8)?

Answer: As discussed above, this question should be referred to NOW.

Question: Also, generally, I have been told that when concept approval is given for a project (such as in this case) this restricts any appeals to only those based on process. That is, appeals based on the merits of the project are not allowed. Is this correct?

Answer: Yes.

Question: Finally, importantly, the NSW Parliamentary Inquiry into Coal Seam Gas which reported in May 2012 heard evidence at Taree on Monday 31st 2011 from the general manager of MidCoast Water Robert Loadsman. I guess my question is - why wasn't the risk to drinking water considered in the environmental assessment for the project and the ultimate approval document from the PAC? Whose responsibility is it to ensure that the
potential impact on drinking water schemes is taken into account? (i.e. the company or the government?)

Answer: Potential surface water impacts, including on drinking water and downstream water users, were considered. They were included in AGL's application (Chapter 12), and were also carefully considered in the department's assessment report (Section 5.1) and in the Planning Assessment Commission's determination report (Section 7.1).

In particular, the department's assessment notes that wastewater would be thoroughly treated prior to disposal to standards consistent with water quality guidelines published by the Australian and New Zealand Environment Conservation Council (ANZECC).

This consideration is also reflected in the Project approval conditions (particularly Condition 3.12), which requires the preparation and lodgement of an Extracted Water Management Strategy prior to construction commencing. This strategy must be prepared to the satisfaction of relevant environmental and water management government agencies and must include detailed analysis of proposed disposal methods.

This condition enforces appropriate water quality standards, including for drinking water, and requires the ANZECC guidelines to be met.

It should be noted that the use of evaporation ponds to store wastewater prior to disposal is now banned for all coal seam gas activities in New South Wales.

Question: Also, Mr Loadsman mentions (p23) the project approval includes a provision for a river discharge. Is this still the case?

Answer: The approval provides for a number of different disposal methods subject to the conditions outlined above. River discharge is one of the options the proponent has indicated may be pursued, however the final chosen method will need to be detailed in the Extracted Water Management Strategy and endorsed prior to construction.

As outlined above, any water discharged to a river would need to be treated beforehand to ensure it meets the necessary water quality standards.

Further response given on 25 March 2013 in regard to comments by MidCoast Water

Both the department and the PAC carried out a detailed assessment of the potential water impacts of the project, including its potential water quality impacts on the Manning River Catchment.

The lack of specific references to its potential impacts on the drinking water quality of the Manning River Catchment or Manning District Water Supply Scheme should not be interpreted as a lack of consideration of the issue.

This is because the focus of the assessment was on controlling the impacts of the project to an acceptable level at the point of discharge (or source), or the local level, in the knowledge that this would ensure that the regional impacts 45-50 kilometres downstream where any water may be used as drinking water supply would be acceptable.

In this context, it is important to note that:

- the project covers a very small part of the Manning River Catchment area (the concept plan covers only 210 km² of the 8,400 km² of the catchment area, and that AGL only has approval to drill 110 wells in a small part of the concept plan area);
• the project would discharge a maximum of 730ML of water a year in a catchment with annual average flows of around 2,230,000ML; and
• the Manning District Water Supply Scheme extracts water for drinking water supply about 45-50 kilometres downstream of the project.

Second, the National Water Quality Management Strategy has a number of water quality guidelines. However, in relation to the assessment of the potential water quality impacts of this project the Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 were the correct guidelines to use, rather than the Australian Drinking Water Guidelines. This is primarily because the individual guideline values of the Australian Drinking Water guidelines apply at the point of use.

Finally, the department’s assessment concluded that the water quality impacts of the project could be suitably controlled at the source to comply with the relevant criteria in the Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 with the implementation of standard water control measures.

AGL has been required to prepare a range of detailed management plans prior to the commencement of operations outlining the specific control measures to be implemented to protect water quality downstream of the project, and the monitoring that will carried out to ensure these controls are operating effectively.

To date, AGL has not submitted these plans to the department for review.