Natural Gas: An environmentally attractive source of energy

Part four
Gas pipelines are prolific around Australia, they are low risk and are managed safely with minimal disruption to the environment or community.
Proposed Lions Way Pipeline

- New high pressure gas pipeline to connect Metgasco gas fields in Northern NSW to customers in SE Qld
  - 145km pipeline starting in Casino (NSW) and finishing in Ipswich (Qld)
  - Environmental Assessment Studies lodged with DOP. Regulatory review process underway
  - will allow for supply of gas into SE Qld via an alternative delivery route and alternative supply basin
- Access to gas grid offers opportunity to participate in LNG market via swaps
Gas pipelines are prolific around Australia, they are low risk and are managed safely with minimal disruption to the environment or community.
The precautionary principle is being applied

- The precautionary principle is a statement of common sense and has already been applied by decision-makers in appropriate circumstances prior to the principle being spelt out. It is directed towards the prevention of serious or irreversible harm to the environment in situations of scientific uncertainty. Its premise is that where uncertainty or ignorance exists concerning the nature or scope of environmental harm (whether this follows from policies, decisions or activities), decision-makers should be cautious.

- The precautionary principle should not be used to try to avoid all risks. A zero risk precautionary standard is inappropriate. Similarly the precautionary principle cannot be based on a purely hypothetical approach to the risk, founded on mere conjecture which has not been scientifically verified (at [157]-[160]);

- A reasonable balance must be struck between the stringency of the precautionary measures, which may have associated financial, livelihood and opportunity costs, and the seriousness and irreversibility of the potential threat (at [166]-[178])

- The precautionary principle, where triggered, does not necessarily prohibit the carrying out of development until full scientific certainty is attained. Were it otherwise it would result in a "paralysing bias" in favour of the status quo and would ban "the very steps that it requires" (at [179]-[181]);

- The allegations made by the Alliance that coal seam gas mining presents a threat of serious or irreversible damage to groundwater or other water, are not only unsupported by any evidence, they are, moreover, formulated at such a high level of generality that they cannot found an assessment of the risks associated with the project [175]

- The conditions imposed involve monitoring of impacts, licencing, phasing, the provision of hold points based on indicators, periodic evaluation and a compliance system in relation to groundwater directed towards adaptive management. They are intended to deal with risks from expected and unexpected events, in accordance with the precautionary principle, and collectively amount to an adequate consideration of scientific uncertainty as to the impacts of the project and the possibility of irreversible environmental damage [204].

Barrington – Gloucester - Stroud Preservation Alliance Inc v Minister for Planning and Infrastructure [2012] NSWLEC 197 (Decision Date 27/08/2012)
Landowner’s interests are respected

- We aim for a mutually beneficial co-existence
- We enter into voluntary land access agreements with the owners of the land where we operate
- We make land access payments to landowners
  - Payments vary depending on the type of activity undertaken
  - Provides supplementary income to working farmers

*The importance of regular two-way communication*
Lauren field in the Surat Basin was developed the way it was, during the drought years, in a manner that fitted both the landholder and the CSG company at the time.

The Berwyndale field in the Surat Basin has been developed more recently, and demonstrates how CSG proponents work closely with landholders to optimise the layout of infrastructure to minimise the impact on their farm productivity.

Source APPEA
A Case Study: Wells and Agriculture can co-exist

<table>
<thead>
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<th></th>
<th>Qld</th>
<th>NSW</th>
<th>Texas</th>
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<tbody>
<tr>
<td>Area (‘000 sq km)</td>
<td>1,731</td>
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<td>696</td>
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<td>Gross Farm Product* ($Bn)</td>
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<td>Petroleum Wells</td>
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<td>218,556</td>
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</tbody>
</table>

*Source: ABS 1367.0 State and Terr Stat Indicators for 2009/10; 2009 Texas Agriculture Statistics, USDA

Source APPEA
Well sites are returned to their original condition

Site construction

Site rehabilitation
Economic benefits for the Northern Rivers region

- A region that is heavily reliant on a small number of employers
- Significant proportion of youth leave local area for employment opportunities
- Metgasco is creating economic opportunities – 15 full time staff based in Casino
- Metgasco provides skilled and well paid employment options
- Metgasco is reducing operating costs of local business – GSA will reduce Richmond Dairies energy costs. Current cost of gas is $25 gigajoule for Diesel and $35 gigajoule for LPG. Locally produced gas will greatly reduce costs
- Metgasco has the potential to create up to 670 full time equivalent construction jobs and operating jobs
- Metgasco could spend up to $2 billion in the region over the next 20 years
Economic benefits for the Northern Rivers region – case study

“The northern NSW dairy industry is already facing difficulty competing with other regions and disparity in energy costs is an unnecessary burden. With access to energy at prices consistent with Victorian processors, Richmond believes its business can remain economically viable and help preserve a vital industry that has operated on the north coast for over 100 years.”

Chris Sharpe, Managing Director, Richmond Dairies
(12 January 2012) on the signing of the inaugural gas sales agreement with Metgasco.
Looking forward

- Gas is an excellent source of energy
  - Lowest cost means of generating electricity in terms of $/tonne of greenhouse gas
  - Compliments move to renewables because gas fired power stations can respond quickly to changes in demand, which wind and power cannot
- Development of gas is important for NSW’s energy supplies and to reduce the percentage of power generated from coal
- CSG is already highly regulated and can be managed safely
- CSG can co-exist with other land users
- CSG and conventional gas can make a positive impact on business and jobs in the Northern Rivers Region
- Metgasco looks forward to constructive debate and the community’s support
Thank you

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www.appea.com.au
www.wewantcsg.com.au