Public Consultation – The Draft National Harmonised Regulatory Framework for Coal Seam Gas

This Public Consultation is being undertaken to seek comment from stakeholders on the draft Framework. These comments will further inform the finalisation of the Framework to be considered by SCER Ministers in May 2013.

The public consultation period opens on 14 December 2012 and will close on Thursday 28 February 2013.

Comments can be made on any aspect of the draft Framework. Of particular importance is feedback from stakeholders on the leading practices relating to the four core areas of CSG:

- Chapter 3: Well integrity
- Chapter 4: Water management and monitoring
- Chapter 5: Hydraulic fracturing
- Chapter 6: Chemical Use

Stakeholders are able to provide feedback through a written submission, following the template below, via email to scer@ret.gov.au, or via mail to:

Manager
SCER Secretariat
Department of Resources, Energy and Tourism
GPO Box 1564
Canberra ACT 2601

All submissions will be made publicly available on the SCER website after the consultation period has closed, unless stakeholders have clearly indicated in their submission that their submission should remain confidential, either in whole or in part.

The deadline for submissions is close of business Thursday 28 February, 2013.
What should my submission include?

Your submission should include:

- your name and contact details including: position (if applicable), address, telephone number and email address
- for organisations, the level at which the submission was authorised
- an indication of whether your submission should remain confidential, either in whole or in part.

Your submission may have greater impact if it:

- comments on the issues raised and any possible options
- provides as much supporting evidence as possible e.g. groups or individuals who may be affected, data on the impact of the proposed decision, relevant technical information.

Your submission should:

- be simple, clear and concise
- be supported by relevant, reputable and current data where possible
- use appropriate and specific case examples
- use the template format.
**Public Consultation Submission** – First Exposure Draft of the National Harmonised Regulatory Framework for Coal Seam Gas.

This table provides a template for stakeholders to make comments on the Draft National Harmonised Regulatory Framework for Coal Seam Gas.

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<thead>
<tr>
<th>Name and Position:</th>
<th>Peter Halabarec</th>
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<tbody>
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**Stakeholder Comments:**

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### Comment

This draft framework is aimed predominately at co-existence. Co-existence with the mining industry has shown that they want co-existence their way and that community and landholder concerns are not on their agenda. Until this document makes clear guidelines on how the CSG industry must operate their industry, with greater concern for the local communities, concern for the environment and concern for the landholder’s rights, needs and concerns. This must be done with honesty and integrity. Co-existence will never be achieved if the attitude the government and mining industry continue with their present arrogance towards the communities.


### Attachment A

### PREFACE

The Framework is an important demonstration that governments are listening and responding to community concerns and are working together to strengthen regulation and ensure there is a balance between protecting social and environmental values and achieving economic outcomes. Consistent with this approach, the Framework also acts as a guide to industry on what leading practice regulation is, providing greater certainty and consistency for CSG operators.

Other forms of unconventional gas fall outside the scope of this Framework.

Community concerns over the development of the CSG industry relate to its potential environmental, health and social impacts. For instance, the volume of water produced as a by-product of CSG extraction has raised concerns that the industry may damage or unsustainably deplete aquifers on which farmers, rural towns, and ecological communities depend. The failure of wells and the impact this could pose with respect to the contamination of potable aquifers is also pertinent.

Hydraulic fracturing has been a topic of public concern, specifically with respect to the use of chemicals and the risk of contamination to the environment. In addition, the treatment and management of waste water streams and salinity issues have raised questions over possible implications for human and animal health and food production.

Another point of contention is industry access to CSG resources on privately held land, particularly that used by the agricultural sector. This has raised issues regarding the rights of individual land owners to limit access, rights of resource ownership, and the magnitude of compensation afforded to landowners for their costs, reduced amenity, and any reduction in agricultural production.

The concerns and issues raised by the community regarding CSG development in Australia to date have warranted the attention of governments and industry to acknowledge and address the calculated and perceived risks associated with CSG. As a result, in December 2011, governments – through the Standing Council on Energy and Resources (SCER) – have responded to community concern about the impacts of the CSG industry by agreeing to develop the Framework. The work program was selected to address the areas of community concern highlighted above through the following core areas:
• well integrity
• water management and monitoring
• hydraulic fracturing
• chemical use.
Community concern pertaining to land access and land use is being addressed through the separate, but related, initiative under the SCER work program to develop a Multiple Land Use Framework – an overarching work program that incorporates the National Harmonised Regulatory Framework on CSG as an important part of its agenda.

The Framework on CSG considers each of the four core areas associated with CSG development. Its scope includes:

- exploration and production activities associated with well infrastructure and its decommissioning
- whole-of-life considerations for co-produced waters (and contained compounds) including treatment, on-supply and disposal
- hydraulic fracturing
- chemical use and management before, during and after any associated activities
- potential impacts on water resources (both surface and groundwater) caused by CSG activities, including hydraulic fracturing, CSG production and failed well integrity
- handling and disposal of materials and fluids from the CSG process, including produced gas, treated water, brines, drilling muds and flow-back water.

The methodology for preparing the Framework consisted of government, industry and community consultation, supported by research and analysis. The Commonwealth, all state governments and the Northern Territory Government participated in the development of the Framework as part of the Coal Seam Gas Steering Group. The steering group was supported by a stakeholder reference group comprising national peak bodies, and external advice and analysis through the following commissioned studies:

- Multiple Land Use Framework Research Study (Sinclair Knight Merz)
- A Leading Practice Framework for Coal Seam Gas Development in Australia (Sinclair Knight Merz)
- Coal Seam Gas Legislative Review (Norton Rose Australia).
Attachment B

EXECUTIVE SUMMARY

Towards sustainability and co-existence

Since 2006–07, CSG production in Queensland and in New South Wales has grown from 99 petajoules (PJ) to 239 PJ, making up 11 per cent of total Australian gas production in 2010–11. In addition, there are three CSG-based LNG processing facilities under construction in Queensland to supply the export market. This surge of activity has placed pressure on land and water resources and, at times, outraged local communities. The sustainable development of the CSG sector in Australia requires a balanced consideration of economic, environmental and social aspects of CSG activities.

Australia cannot reap the benefits from CSG development if industry’s social licence to operate and resulting community confidence have not been established. The successful development of the CSG industry depends on Australian governments, industry and the community working together. In particular, governments should aim to provide a policy and regulatory setting that encourages the growth of the industry, within a regime of relevant, enforced conditions and legislation to protect the environment and human health and facilitate social development and sustainability.

The environment to best meet the needs of all participants should be underpinned by the principle of co-existence. This is where a shared commitment exists among the resources industry, other land users and governments to multiple and sequential land use; better informed public discourse on resource development; merit-based land access that provides certainty for industry and improved community confidence in land use decision-making; and finally, the delivery of best possible outcomes for affected communities. Sustainable development of the CSG industry will be underpinned by the guiding principles of the Multiple Land Use Framework. These principles, when applied by industry, other land users, the community and governments, demonstrate a commitment to maximising the social, economic and environmental value of land and marine environments.

Governments play a crucial role as the regulators of the CSG industry to deliver regulation that is effective in managing CSG activities and efficient in terms of maximising the benefits to the community. Importantly, governments are also educators by providing key messages and information to assist the general public, the CSG sector and the media.

Current legislative arrangements of the Commonwealth and state and territory governments provide a sound mechanism for managing CSG exploration and development activities. Common elements for these regulatory systems include legislation for the protection of human health, conservation of the environment, protection of property rights and multiple land use.

The National Harmonised Regulatory Framework for CSG responds to community concerns about the potential environmental, health and social impacts of CSG development. It provides guidance on what constitutes leading practice in the core areas of well integrity, water management and monitoring, hydraulic fracturing and chemical use. Applied in conjunction with existing regulatory mechanisms, the Framework provides a consistent approach to managing CSG development from a regulatory perspective. While its primary purpose is to be a guidance document for governments, the Framework will benefit the community and industry by providing increased levels of consistency, certainty and transparency in the management of CSG development in Australia.
Attachment C

Applying leading practice in CSG regulation

Successful implementation of the Framework will also depend on the willingness of industry to further embrace social and environmental responsibility and adopt leading practice, and the community’s readiness and openness to engage with governments and industry.

Table ES.1: Summary of leading practices for CSG operations

Key: ✓ Leading practice primarily applies to this core area and is discussed within its respective chapter
✓ Leading practice is also relevant to this core area
Current legislative arrangements of the Commonwealth and state and territory governments provide a sound mechanism for managing CSG exploration and development activities. Common elements for these regulatory systems include legislation for the protection of human health, conservation of the environment, protection of property rights and multiple land use. This Framework identifies leading practices that can be adopted by regulators to provide a harmonised approach to managing CSG activities and hence a nationally consistent CSG regulatory regime.

Through the leading practices, the Framework emphasises the importance of a regulatory regime that is comprehensive, risk based and verified. Built on these themes, the regulation of CSG activities promotes openness, transparency and trust within the community, and seeks to deliver a balance of social, environmental and economic outcomes for Australia. Furthermore, the Framework identifies the continuous need for governments to work closely with industry, through consistent compliance by industry and effective enforcement by regulators; effective inter-governmental cooperation to ensure national consistency; and proactive international partnerships to learn from international leading practices.

With a consistent approach to applying leading practice regulation, attention by governments should be placed on how a national regulatory regime for CSG is put into practice and communicated to key stakeholders. The Framework forms the foundation for continued improvement in operational leading practice, built on improved science and data. It also increases public understanding of CSG issues, the role of governments, industry and communities, and the science and economics which underpin the development of the sector.
KEY POINTS

• Sustainable development means that investment in CSG projects should be financially profitable, environmentally sound, technically appropriate and socially responsible.

• The environment to best meet the needs of all participants should be underpinned by the principle of co-existence. This is where a shared commitment exists among the resources industry, other land users and governments: to multiple and sequential land use; better informed public discourse on resource development; merit-based land access that provides certainty for industry and improved community confidence in land use decision-making; and finally, the delivery of best possible outcomes for affected communities. Sustainable development of the CSG industry will be underpinned by the guiding principles of the Multiple Land Use Framework, which, applied by industry, other land users, the community and governments, demonstrate a commitment to maximising the social, economic and environmental value of land and marine environments.

KEY FINDING

1.1 In their role as regulators and educators for CSG activities, Australian governments should further improve their individual and combined efforts in tailoring participation of the community in decision-making, conducting open and constructive engagement with key players and ensuring that access to factual and timely information is available to all stakeholders.
CHAPTER 2: APPLYING LEADING PRACTICES

KEY POINTS

• The application of the leading practices in this Framework will instil a shared commitment among governments to take a consistent and leading approach to the management of CSG in each jurisdiction, with better informed public discourse through increased transparency and consistency in decision-making on CSG development.

• Successful implementation of leading practices in regulatory regimes will depend on the willingness of industry to embrace social and environmental responsibility and adopt leading practice, and the community’s readiness and openness to engage with governments and industry.

• A total of 18 leading practices have been identified to mitigate the identified impacts associated with CSG development and build a robust national regulatory regime for CSG. Many of these practices are capable of addressing multiple impacts.

• Four leading practices are overarching strategies that are equally relevant to all four aspects of CSG development addressed under the Framework: well integrity, water management and monitoring, hydraulic fracturing and chemical use. These four practices are outlined and analysed in this chapter. The remaining 12 leading practices relate more specifically to a particular aspect of CSG development and are the subject of chapters 3 to 6.

• The application of the leading practices by governments through a national harmonised regulatory framework, supported by industry practices, will help to build public confidence in the operation of the CSG industry and deliver a balanced message about the opportunities and potential issues of CSG activities.

KEY FINDINGS

2.1 Governments have existing regulatory mechanisms for the management of CSG development in Australia, however a nationally consistent approach of applying leading practices for the regulation of CSG activities is currently not in place.

2.2 The sustainable development of Australia’s CSG industry relies on governments, industry and communities working together to deliver the best possible balance of social, environmental and economic outcomes for Australia. A strong leading practice regulatory regime for CSG provides a mechanism by which governments, in collaboration with industry and the community, can foster this sustainable environment.
2: Develop and implement comprehensive environmental management plans which demonstrate that environmental impacts and risks will be as low as reasonably practicable (ALARP)

An environmental management plan is a project-specific plan developed to ensure that appropriate environmental management practices are followed. The plan translates the options identified in an EA/EIS process into specific environmental protection commitments and assists in ensuring that commitments made in planning and assessment are carried out in all stages of the activities covered by the plan.

An effective, comprehensive environmental management plan will ensure:

- application of best practice environmental management to a project
- implementation of a project’s EA/EIS, including its conditions of approval or consent
- compliance with environmental legislation
- appropriate management of environmental risks associated with the project (NSW DIPNR 2004a).

3: Apply a hierarchy of risk control measures to all aspects of the CSG project

A hierarchy of risk control measures is a sequence of options that offer operators a number of ways to approach the hazard control process. Using a hierarchy of control ensures that risks are dealt with in an order of priority, where most effective risk controls are addressed first, with less effective options considered thereafter. The higher up the hierarchy the risk control is, the more effective the control. In some instances, the best solution may involve more than one control. Administrative controls must be used in combination with other controls.

4: Verify key system elements, including well design, water management and hydraulic fracturing processes, by a suitably qualified and authorised person

The primary objective of verifying key system elements is to improve the accountability of the operator, which will improve legal enforceability by the regulator.
Analysis

The principles of ecologically sustainable development defined by the COAG-endorsed National Strategy for Ecologically Sustainable Development (1992) guide Australian governments’ policy and decision-making processes, and are promoted in federal, state and territory environmental legislation and government policy frameworks. Under environmental legislation, companies, including CSG operators, have an obligation to address the principles of ecologically sustainable development in their operations to ensure the needs of Australians today are met, while conserving our ecosystems for the benefit of future generations.

Leading practice in ecologically sustainable development management is an evolving discipline. As new problems emerge and new solutions are developed, or better solutions are devised for existing problems, it is important that leading practice be flexible in developing solutions that meet site-specific requirements. While recognising that companies, including CSG operators, must meet legislative requirements, leading practice also expects them to go beyond the minimum.

Attachment F

CHAPTER 3: WELL INTEGRITY

KEY POINTS

• Well integrity is a fundamental concept applied throughout the petroleum industry in Australia and overseas to describe the application of technical, operational and organisational solutions to the construction, operation and decommissioning of CSG wells to ensure the protection of water resources, users and the environment.

• Australia’s legislative approach to well integrity has been developed from extensive experience in onshore and offshore oil and gas extraction and is based on international best practice for well design, construction, maintenance and rehabilitation. Well integrity across all industries and for all purposes is fundamental to the protection of Australia’s groundwater assets.

• Leading practice in well integrity is a key strategy for managing impacts associated with CSG activities as it ensures strong governance and rigorous practices and standards in well development to prevent the uncontrolled release of fluids, solids and gases into the environment over the full life cycle of the well.

KEY FINDING

3.1 In Australia, comprehensive standards, codes and legislation regulate the design, material, construction, maintenance, decommissioning and rehabilitation of CSG wells. Successful application of leading practice in well integrity depends not only on this comprehensive regulatory regime, but also on consistent compliance by industry and thorough and effective enforcement by qualified regulators.
WHAT IS WELL INTEGRITY?

Well integrity is a term used to describe the application of technical, operational and organisational solutions to the construction, operation and decommissioning of CSG wells so that the uncontrolled release of fluids, solids and gases into the subsurface or surface environment can be prevented over the full life cycle of the well.

Well integrity is the primary risk management tool for the protection of aquifers, as well as the environment and community more broadly.