



Submission to Chief Scientist and Engineer re CSG
Chris Lawrence to: csg.review

29/04/2013 01:43 AM

History: This message has been replied to and forwarded.

Dear Sir,
Please find attached Submission to the Chief Scientist and Engineer.
Regards,

Chris Lawrence

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Apex Submission to review CSG in NSW 26 Apr2013.pdf



ACN: 097 997 914

26 April 2013

Professor Mary O’Kane
Chief Scientist and Engineer
Government of NSW
SYDNEY NSW 2000

By email to csgr.review@chiefscientist.nsw.gov.au

Dear Professor O’Kane,

Submission in relation to your review of CSG in NSW

We note the request of you by the Premier of NSW of 21 February 2013, that he requests you to undertake a review of coal seam gas (CSG) activities in NSW and provide an initial report to him by July 2013.

We acknowledge your Terms of Reference which propose a comprehensive study of compliance within the industry, and welcome the opportunity assist where necessary, and to engage in consultation on that and other matters.

Your Terms of Reference state that you should “identify and assess any gaps in the identification and management of risk arising from CSG exploration, assessment and production, particularly as they relate to human health, the environment **and water catchments**”. As you would be aware, Apex and our JV Partner, Magnum Gas and Power Ltd (formerly Ormil Energy Ltd), hold Petroleum Exploration Licences which include areas of water catchment “Special Areas” in the Illawarra to the south of Sydney, and in the Burragorang to the south west. We would like to engage with you and provide input into your assessment of those matters.

We note that Item 3 of your Terms of Reference relate to “identify best practice in relation to the management of CSG ...in close proximity to residential properties and urban areas and consider appropriate ways to manage the interface between residences and CSG activity”. We refer to the recent proposal by the Premier of NSW to amend the Mining SEPP to include 2 kilometer exclusion zones around designated residential areas, plus other exclusions. We would like to inform you that **we are very much opposed** to those amendments in their proposed form, and that we have lodged a Submission with the Department of Planning and Infrastructure to that effect. We would be pleased to provide a copy of our submission and discuss our objections with you,

Item 6 of your Terms of Reference requests that you “produce a series of information papers on specific elements of CSG operation and impact, to inform policy development and to assist with public understanding”. We totally concur with the stated objectives, and would be pleased to assist in whatever capacity requested.

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To assist you in your review and reporting process we would like to provide some background information in relation to our specific position for your early consideration:

Apex Energy is the holder of two Petroleum Exploration Licences (PEL's) in the Illawarra and one in the Burragorang, both areas being on the doorstep of Sydney. We believe that we could make significant contribution to energy supply security and economic prosperity for NSW, whilst maintaining the highest operational and environmental standards.

Both areas covered by our PEL's have been extensively mined for coal, with the Illawarra in particular being mined for 150 years. The coal seams are well known for being gassy and dry. The old abandoned workings, or goafs, cover huge areas, and continue to hold gas which seeps from surrounding coal. Our analysis indicates that, in addition to sourcing gas from the lower unmined seams, the gas resource held within the goafs could be significant and available for "on demand" delivery. We are familiar with other areas in the world where this goaf gas has been commercially exploited with great success, and indeed some of the coal mines in the Illawarra currently extract it as a matter of course, along with their pre mining gas extraction for safety reasons.

The Apex Illawarra Exploration Project commenced the approval process under Part3A (now repealed) in mid 2007, and although it has been approved, the complexity of the administrative process has, to this day, precluded us from commencing any drilling since the last goaf well in 2004. That Part3A is currently pending Determination by the Planning Assessment Commission on extension of the date, as it expired in September 2012. The PAC is again delayed in issuing its determination due to recently proposed changes to the SEPP to include 2 km exclusion zones. It is of note that, of the 14 boreholes now included in the Apex Illawarra Part3A; 9 are simple test holes into goafs; 3 are through remnant coal pillars in the goafs, and 2 are priority core holes away from existing mine workings to gather data from coal samples. The core holes are filled with cement following extraction of coal cores. The coal mines are drilling these every day!

As an integral part of the Part3A assessment process, we have been reviewed by all necessary government agencies and the process was administered by Department of Planning and Infrastructure. The project was also the first CSG project in Australia reviewed by the Independent Expert Scientific Committee under the EPBC Act. In addition to private Landholder Access arrangements in place, we work closely with the Sydney Catchment Authority (SCA) who are custodians of lands on which six of the boreholes are located, several of which are in catchment Special Areas. As the SCA placed on record when giving evidence to the Parliamentary Inquiry, [in relation to exploratory boreholes for Apex] "the drilling activity is **similar to, if not the same as**, the drilling activity which is undertaken for coal exploration around those areas and has **occurred for at least the last 50 years**" [Ref 1]. The SCA also made reference to in excess of 1,500 boreholes having been drilled in the Special Areas in the Illawarra. Note that the Sydney Drinking Water Catchment (defined SEPP 2011) covers some 16,000 square kilometres.

The Parliamentary Committee in its Report noted considerable community concern presented to them about the broader CSG Industry, and in part, the Apex/ Ormil proposed drilling activities in **SCA Special Areas** in the Illawarra [Ref 2], and supposed threat to Sydney's water supply. The Committee repeated expert evidence presented to the Inquiry by SCA, specifically about the **low risk the Apex/ Ormil drilling posed** to water supply, **and the Committee concluded that no Recommendations were necessary** as to further review or regulation of the specific activities within the catchment areas. The Committee did make 35 Recommendations in relation to aspects of the broader Industry.

Apex welcomes your independent review currently being undertaken into these areas. We anticipate your pragmatic, scientific and evidence based approach will dispel much of the negative and unfounded hype surrounding CSG, and particularly in water catchments.

Reference 1 – Parliamentary Inquiry - Hansard 12 Dec 2011 – Page 24

[http://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/b3a0f891e72068d3ca2579650012e22a/\\$FILE/111212%20Sydney%20-%20Uncorrected.pdf](http://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/b3a0f891e72068d3ca2579650012e22a/$FILE/111212%20Sydney%20-%20Uncorrected.pdf)

Reference 2 - NSW Parl Inquiry into CSG - Drinking Water Catchments - Sections 4.51 to 4.60 pages 51 to 53

[http://www.parliament.nsw.gov.au/Prod/parliament/committee.nsf/0/318a94f2301a0b2fca2579f1001419e5/\\$FILE/Report%2035%20-%20Coal%20seam%20gas.pdf](http://www.parliament.nsw.gov.au/Prod/parliament/committee.nsf/0/318a94f2301a0b2fca2579f1001419e5/$FILE/Report%2035%20-%20Coal%20seam%20gas.pdf)

We are aware of the Governments' concerns about current community negative sentiment toward the CSG industry, and that they are weighing that against the benefits to NSW, where much of the produced gas may be expected to leave the State. We, and the CSG industry, are working to instil public confidence and dispel many of the exaggerated and malicious claims made about CSG. In the case of the Apex specific projects, we are positioned in areas which have been heavily mined; we are exploiting goaf gas which is a legacy of that mining, and we intend local supply for local consumption. We ask that you keep this in perspective when considering our specific projects.

We have included two maps with this submission which provide some context of the mining activity which has preceded us in the Illawarra:

- Map 1 shows the extent of goafs (mined out areas) in the Illawarra, and
- Map 2 shows indicative intensity of bore hole drilling which takes place in a coal mining area

We look forward to consultation with you on your task for the Premier, and If there is any further information or engagement you or your operatives may require, we would be only too pleased to assist.

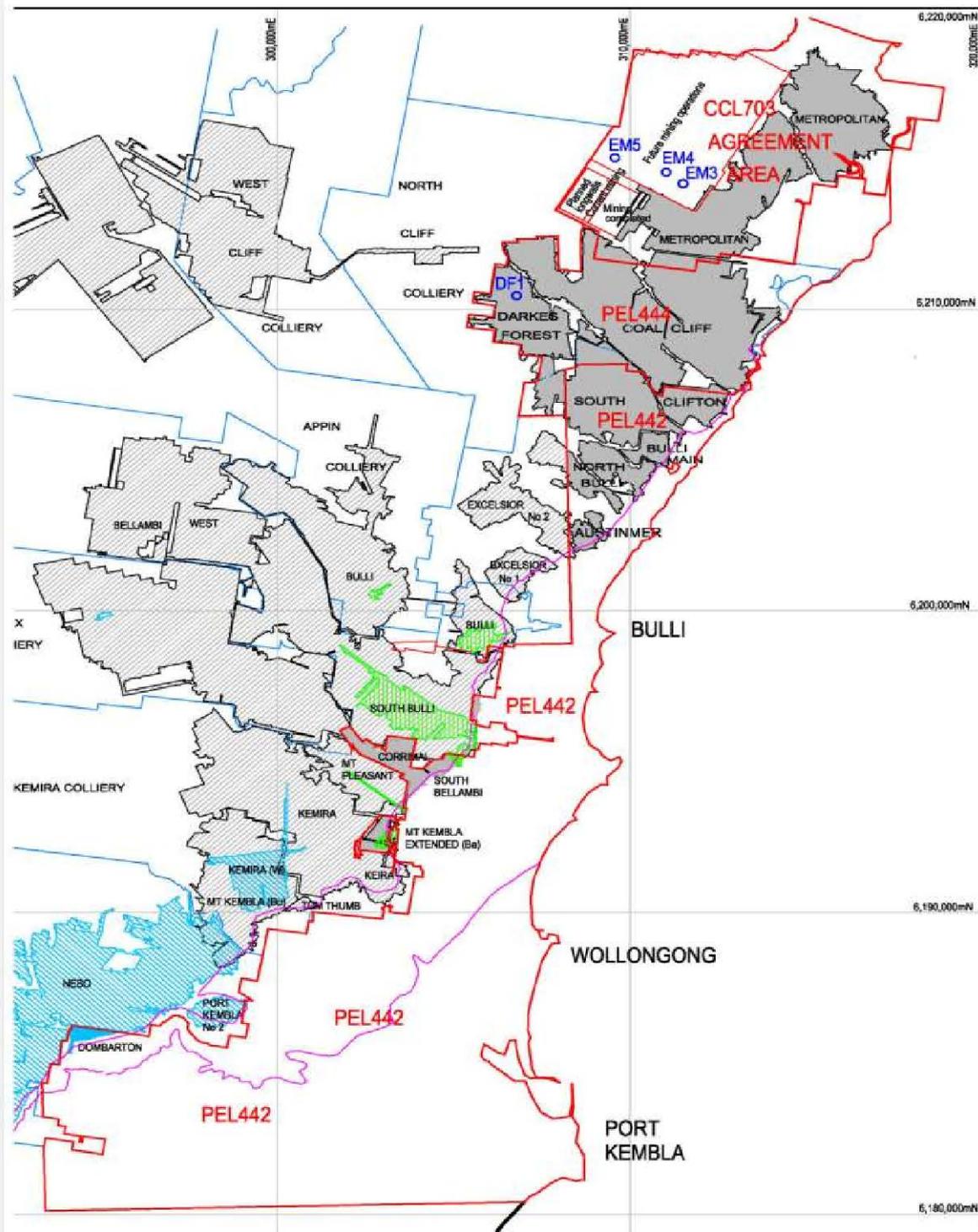
We look forward to hearing from you in due course.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Lawrence', written in a cursive style.

Chris Lawrence
Corporate development Manager
Mobile 0400 112 221

Map 1 – extent of goafs (already mined areas) of the Illawarra, including water catchments



Map 2 – Map of Westcliff Colliery and surrounds, to the west of Apex Illawarra PEL's. Showing intensity of exploration boreholes drilled, including in water catchments, and being indicative of other mined areas.

