

6.2.4 Petroleum Exploration Licence Application 158

REPORT BY THE MANAGER STRATEGIC PLANNING TO 2 APRIL 2014 COUNCIL MEETING
REPORT Council 2014
GOV400038, LAN000

RECOMMENDATION

That:

1. **the report by the Manager Strategic Planning on the Petroleum Exploration Licence Application 158 be received, and**
2. **Council endorse the staff comments regarding the environmental issues and the inadequacy of the consultation period.**

Executive summary

Council received correspondence from NSW Trade and Investment Office of Coal Seam Gas (T&I) on 11 March 2014 drawing to our attention to the exhibition of Petroleum Exploration Licence 158 from Ceemac Pty Ltd which concluded on 13 March 2014. The application affects only a very small area of MWRC LGA (refer to the map attached). The exhibition period has lapsed however, Council has made a draft submission via email to T&I with a formal submission to be forwarded following the Council meeting in April.

Detailed report

At this stage the application is for exploration only and affects a small area of the LGA near Running Stream. Having raised the issue of the consultation period with T&I, staff were afforded the opportunity to submit a draft submission via email which included the following comments:

- The gross inadequacy of the 48 hour notification – even outside the normal reporting process, the expectation that Council would be in a position to respond within 48 hours is unreasonable
- That part of the licence area within MWRC is approximately 600ha of land across three landowners at Running Stream and we would draw attention to the accessibility, topography and potential significant flora and fauna impacts of exploration which include drilling on that part of the licence area that fall within Mid-Western at Running Stream

In addition T&I have initiated a program of consultation particularly focused on local government in the areas of mineral and petroleum resources and the Department propose to meet with those Councils to discuss the legislation and administrative process and facilitate an exchange of information. The submission also supports this initiative.

- To confirm Council's interest in being involved in the program of consultation with local government.

Further, the following information has been extracted from a document published by Trade and Investment in 2011 called "Public Comment Process - For the exploration of coal and petroleum, including coal seam gas" for the information of Council.

*Given that exploration is focused on the location and economic assessment of a mineral deposit and that further approvals (including preparation of a detailed Environmental Impact Statement) will be required before any mining or petroleum production can be carried out, **public comment will only be sought on matters relating to the effects of the exploration process.***

The purpose of this process is to ensure that the Minister (or delegate) has all the relevant information when making a decision to grant or not grant an exploration licence. It ensures that the interests of the State are balanced by the interests of the community directly affected by the activities. Often this balance will be achieved by conditioning exploration licences appropriately so that approved exploration activities do not unnecessarily impact on matters of environmental, social and economic importance to the community.

Exploration Explained

The purpose of exploration is to identify the quantity and quality of resources and to determine the viability of proceeding to mine the resource.

Exploration licences are generally granted over an area where geological features have potential to contain a mineral resource. In the case of coal and petroleum (including coal seam gas), these geological features are located in sedimentary basins. They are often buried or hidden beneath several hundreds of meters of sediments and require special surveys and/or drilling to determine their existence. The presence of these features, however, does not guarantee that an economically viable mineral resource will be present and further exploration work is required to determine whether or not a viable resource does exist.

Exploration licences for coal may be granted and renewed for periods of up to five years while exploration licences for petroleum may be granted and renewed for periods of up to six years.

As part of the exploration licence application, a work program must be submitted. This may include:

- Desktop (evaluation, research and studies) work, followed by airborne or ground based remote sensing work and sampling.*
- A drilling program may be developed which targets prospective sites within the exploration area for the purposes of geological mapping, structural identification, formation sampling, testing and resource assessment.*
- Other exploration activities such as geochemical evaluation, seismic or other geophysical surveys, costeaning (small excavation pits for shallow resources) and bulk samples (larger excavations or underground workings) may be carried out if approved under the terms of the exploration licence. The duration of physical works associated with exploration programs depends on the results obtained as the program progresses.*

As the program develops and further information about the geology is obtained, the exploration activity becomes more targeted within the licence area.

A typical exploration program, particularly in coal seam gas, usually takes at least three years to complete and may take considerably longer. Issues such as availability of drilling rigs and other exploration equipment, weather, commodity prices and regulatory changes all have potential to result in delays to an exploration program.

Only a very small percentage of land under an exploration licence is subjected to drilling or more intensive exploration activities, and an even smaller percentage actually proceeds to a mining

development or gas extraction. In instances where exploration does occur and the results are not encouraging, further proposed work is often ceased and licences are relinquished.

Exploration vs Mining or Petroleum Production

An exploration licence gives the licence holder exclusive rights to explore for specific minerals within a designated area but it does not permit mining or production, nor does it guarantee a mining or production lease being granted. Only a very small percentage of land that is subject to exploration licences ever proceeds to a mine or production lease.

Coal and petroleum development are classified as State Significant Development projects and are therefore subject to Part 4 of the Environmental Planning and Assessment Act 1979 and require planning approval from the Minister for Planning and Infrastructure. An application to mine for coal or produce petroleum needs to be lodged with the NSW Department of Planning and Infrastructure and requires an Environmental Impact Statement to be prepared in accordance with the Director-General of the Department of Planning and Infrastructure's Environmental Assessment Requirements. Extensive public consultation requirements are associated with this assessment process.

A lease for coal mining or petroleum production cannot be granted by the Minister for Resources and Energy without this planning approval.

Financial and Operational Plan implications

Not applicable.

Community Plan implications

Not applicable.

ELIZABETH DENSLEY
MANAGER STRATEGIC PLANNING

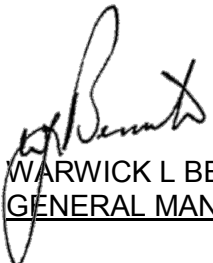


CATHERINE VAN LAEREN
DIRECTOR, DEVELOPMENT & COMMUNITY SERVICES

21 March 2014

Attachments: 1. Map of Exploration area

APPROVED FOR SUBMISSION:



WARWICK L BENNETT
GENERAL MANAGER

PETROLEUM EXPLORATION LICENCE APPLICATION 158 DIAGRAM X-1

