GAS WATCH 35.

WARNING.

LANDOWNERS LIABLE IF SYDNEY GAS POLLUTES.

SGL access agreement leaves Landowners liable for potentially massive damages claims.

In a case where heavily polluted water, or indeed gas, should escape onto or into a floodplain or watercourse, the damage to neighbouring or downstream properties could be CATASTROPHIC and the Landowner on whose property Sydney Gas was operating, would be completely exposed to a potentially massive damages claim, and maybe even prosecution.

Legal advice received by HBGAG reveals that the draft Access and Compensation Agreements presently being used by Sydney Gas to sign up unsuspecting Landowners, **FAIL** to indemnify the innocent landowner in the event that the activities of Sydney Gas result in the escape from the Landowners property of polluted water, gas or any other material.

Landowners who are tempted to allow Sydney Gas onto their land should take notice of their potential liability and their complete exposure for possible pollutant escape from their properties.

Given the uncertain science associated with Coal Seam Methane extraction (see attached extract from Department of Environment and Climate Change), Landowners are warned that not only may they be held responsible for serious environmental damage, but that they could lose everything they have ever worked for.

This matter is so serious that we are immediately writing to the Minister bringing this serious situation to his attention.

DON'T RISK IT. DON'T LET SYDNEY GAS ONTO YOUR LAND FOR ANY REASON.

SYDNEY GAS HAS NO RIGHT TO ENTER WITHOUT YOU SIGNING AN ACCESS AGREEMENT.

If you sign up with Sydney Gas you are putting your neighbour in jeopardy. If your neighbour signs up with Sydney Gas, your neighbour is putting you in jeopardy.

Simple. Don't sign anything that Sydney Gas puts in front of you.

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7.2.5. Recovery of Coal Seam Methane (CSM)

Recovery of methane from virgin coal seams independently of coal mining (Coal Seam/Bed Methane) is becoming more popular as private companies investigate and explore potential areas. Eastern Star Gas Limited currently captures and pipes CSM gas through its Narrabri Power Project and Sydney Gas Limited operates the Camden Gas Project. Methane is also recovered through the Gunnedah Basin Gas Project by the Coal Seam Gas Joint Venture.

The Western Coalfield in particular, is regarded as an area with great potential for commercially viable CSM recovery. Extensive exploration by way of test wells has occurred throughout the region as discussed in *section 6.2.4.* Energy companies hope that this resource will supplement conventional gas supplies in the region. There are no set timeframes for production activities to recover CSM gas reserves but there are plans to expand existing gas recovery operations to supply regional power stations in the near future.

In NSW, under the *Petroleum (On Shore)* Act 1991, companies do not need to undertake comprehensive environmental assessments to determine what environmental values are present on exploration or lease areas, or what impacts they will have on the environment. CSM exploration activities and production can however have significant impact on the environment. Firstly, companies often need to construct surface infrastructure including access roads, pipelines and other works. These activities can impact existing land uses and fragment wildlife habitat. Secondly, the actual recovery of CSM creates other environmental problems which are briefly outlined below.

Methane is held within coal seams by water pressure. To extract the methane, the pressure must be reduced and this is done by removing the water in the coal seam. When a well is drilled into a coal seam, the well will mainly produce water, but overtime the amount of water will decline and the amount of gas extracted will increase. As each coal seam is effectively a groundwater aquifer, significant volumes of water can be produced from each well; up to 60,000 litres per day. The extraction of this water presents two major problems. Firstly, the water is highly saline and can contain many different contaminants, therefore it must be disposed responsibly. Often this water is discharged into natural surface water systems which can present problems to the natural hydrology of rivers and streams. Water may also be stored in dams or impoundments but these are often unlined and salt-water leaks are common. As this water has high concentrations of dissolved salts and other solids it is often not suitable for irrigation but it may be suitable for other uses including dust suppression for surface operations or watering livestock.

Secondly, as groundwater is extracted it also depletes natural groundwater reserves and aquifers which can have consequences for other regional land uses which may experience a loss of net usable water. This is particularly relevant for farmers who rely on bore water. One solution can be to reinject recovered water back into aquifers. This can however contaminate these groundwater aquifers.

There are many other environmental considerations including the intensity of production wells and the impact this can have on the landscape. The footprint of production wells to sustain one power station can be in the vicinity of 20-30 square

kilometres. This can impact significantly on native vegetation and fauna. In addition, methane may seep through the ground and water creating dead zones for vegetation.

There are several major coal bed methane production fields in the USA. Of note are the Powder River Basin in Wyoming and Montana, and the San Juan Basin in southwest Colorado. Recovery of coal bed methane gas has been occurring in these areas for several years. In the USA, like Australia, there is a limited regulatory framework for this activity and development has progressed without serious consideration for the environment. The Western Organisation of Resource Councils in the USA has been very active in trying to hold gas companies and government agencies accountable for impacts from the industry. One member council, the Northern Plains Resource Council has developed a document entitled *Doing It Right: a blueprint for responsible coal bed methane development in Montana*[21]. This document contains several relevant recommendations which should be considered when determining how this activity should also progress in Australia.

Recommendations:

- Develop vigorous environmental impact assessment requirements for coal bed methane exploration and production activities, supported by whole of government.
- Develop guidance and tools for regional staff so that they are adequately prepared to respond when new developments emerge for coal bed methane recovery.