

The Narrabri Gas Project Working with landholders

Santos

Santos respects landholders and has a long history of working with landholders in regional areas.

The Narrabri Gas Project area includes both State owned land and private land mostly in and around the Pilliga. We have been very clear about our commitment to drill wells on private land only when the landholder agrees to work with us and a land access agreement is in place.

In our more advanced Queensland operations, we have voluntary land access agreements with over 300 landholders, demonstrating agriculture activities and natural gas development can exist side by side.

In New South Wales we have a compensation framework in place that provides an income stream for landholders who host our exploration and drilling activities. The framework features a land-value based payment to compensate for the amount of land utilised by Santos' surface facilities and a fee for service to the landholder. In exchange for the fee for service, the landholder signs a Services Agreement and agrees to assist with general monitoring and upkeep of the sites located on their land. A land access agreement is also negotiated.

We work with landholders involved in all stages of our activities to ensure they are comfortable with how we work on their land in consideration of their lifestyle and business interests.



When entering into a Land Access Agreement and Services Agreement with a landholder, Santos will:

- + Be honest and transparent
- + Pay reasonable legal costs incurred by the landholder to finalise an agreement
- + Conduct our operations to the highest health and safety standards
- + Carry out a plan to minimise noise, dust and light from our activities
- + Monitor the landholder's water bore by measuring water levels and quality
- + Rehabilitate the land progressively during our operations

Project overview

The Narrabri Gas Project could supply up to half of the natural gas used by NSW homes, small businesses, major industries and electricity generators every day

Operations will be focussed on land in and around the Pilliga, near Narrabri

The Project will create over 1,200 jobs during construction and bring substantial economic benefits to Narrabri and the region, while delivering a clean, reliable source of energy to NSW

Working with Santos

- + A member of our Land Access team will be in contact to ask if you are interested in working with us
- + If you would like to find out more, we'll arrange to meet with you and provide information and answer questions you may have
- + Following the initial meeting, if you would like to progress further, a scout of your property is arranged to determine if there are any ecological or cultural heritage impediments to the proposed site
- + We then work with you to prepare an agreed checklist containing details to be considered prior to undertaking proposed activities on your property. This may include infrastructure locations, agreed access routes, hours of operation and timing of agricultural activities like cropping which we consider when planning our activities
- + These details are documented in a Farm Management Plan
- + A Land Access Agreement and Services Agreement are prepared and compensation amounts finalised
- + We encourage landholders to have the documents reviewed and Santos will pay reasonable legal costs on the landholder's behalf to finalise an agreement
- + When the agreement is signed compensation for the first year is paid
- + Fourteen days before work is scheduled to commence we will contact you to advise details. At this time neighbours will also be notified of impending work
- + The infrastructure on your property will be regularly monitored and a member of our Land Access team will maintain regular contact with you

Compensation

Exploration and appraisal

Exploration and appraisal is carried out to gather additional information on geology and natural gas composition. It involves the drilling of core holes and pilot wells.

Exploration and appraisal compensation

In these examples, calculations are based on land valued at \$1,000 per hectare, with facilities over one hectare of land (an average well site).

Year One

- + Santos pays 120% of the land value of the area used for our facilities
- + The land value is based on the landholder's rates notice
- + \$30,000 fee for service per landholder per annum, paid in a lump sum

Compensation:

\$1,200 for land utilised + \$30,000 fee for service
Total: **\$31,200** for Year One

Year Two onwards

- + Santos pays 60% of the land value of the area used for our facilities
- + The land value is based on the landholder's rates notice
- + \$30,000 fee for service (paid at \$2,500 per month)

Compensation:

\$600 for land utilised + \$30,000 fee for service
Total: **\$30,600** for Year Two and each year following for as long as activities remain on the land

Production

The production stage follows exploration and appraisal. During this stage production and transmission of gas occurs. If production facilities are located on your land, a different form of agreement will be entered into, as a typical production well has a life span of 20–30 years.

Production compensation

Calculations are again based on land valued at \$1,000 per hectare, with facilities over one hectare of land (an average well site).

Year One

- + Santos pays 120% of the land value of the area used for our facilities
- + The land value is based on the landholder's rates notice
- + \$30,000 fee for service per landholder per annum, paid in a lump sum

Compensation:

\$1,200 for land utilised + \$30,000 fee for service
Total: **\$31,200** for Year One

Year Two onwards

Rather than receiving a land value based payment, landholders involved in the longer term production phase will share in a Landholders Incentive Fund.

- + The Fund will be equivalent to 5% of Santos' statutory annual royalty payment
- + Landholders will receive a share of the Fund proportionate to the amount of their land being utilised by Santos
- + A landholder with 2–3 production wells on their property would receive approximately \$50,000 per year (inclusive of the \$30,000 annual fee for service)

About Santos

An Australian energy pioneer since 1954, Santos is one of Australia's largest domestic gas producers with more than 3,000 employees and a long history of safe, responsible operations.

For more information

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