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Mr Ron Anderson
Environmental Compliance Coordinator
Energy NSW, EABU
Santos Limited
Level 7
51 Pitt Street
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Our ref.: MP 07_0023

Dear Mr Anderson

Narrabri Coal Seam Gas Utilisation Project (Wilga Park Power Station) – 2012 Hazard Audit Report (2nd Audit Report) – Condition 3.6 (MP 07_0023)

I refer to the Report of the *2012 Hazard Audit of the Santos Operations Associated with the Narrabri PEL 238 Project*, Document No. SANTOS\01-B342, Rev. 0, prepared by Karin Nilsson, dated 31 January 2013¹.

I note that the first Hazard Audit, submitted in 2009 received approval from the Director-General in accordance with condition 3.6 of the Minister's approval for the above project, and that this approval was subject to conducting a second audit in 2012.

The Department's Major Hazards Unit (MHU) has reviewed the second Hazard Audit and considers that it is systematic, comprehensive and covers the whole site. The report documents the findings and recommendations of the audit and has been prepared in accordance with HIPAP NO. 5.

The MHU notes that a major part of the facility was shut down at the time of the audit, hence the 2012 Hazard Audit focused both on the systems currently in place and on the systems proposed after implementation of the upgrade project. Consequently, most of the recommendations of the audit are related to the implementation of the new systems.

However, considering the 'status quo' of the facility and the findings of the audit, the MHU has recommended approval of the 2012 Hazard Audit, subject to conducting a Verification Audit which must be submitted to the Department. The Verification Audit should be undertaken 12 months after the restart of the power station and should report on the implementation of the recommendations of the 2012 Hazard Audit.

Therefore, in accordance with condition 3.6 of the project approval, and subsequent reporting requirements in relation to the Hazard Audit, the Director-General approves the 2012 Hazard Audit subject to the implementation of the MHU's recommendations, as stated above.

¹ Note typographical error in the report which is dated 31 January 2012.

Should you require any further clarification on matters raised in this letter, please do not hesitate to contact the planner, Anna Timbrell, on the above contact details.

Yours sincerely

Felicity Greenway

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7/3/13

A/Director

Infrastructure Projects