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**MINUTES:** SANTOS COMMUNITY COMMITTEE – UPPER HUNTER  
Tuesday, **May 22, 2012**  
Barry Rose Room, Upper Hunter Shire Council office.

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Attendance: Steve Barry (Steve B), Graham Brown, Sean Constable, Sam Crafter, Cr Michael Johnsen, Peter Miller, David Ross (Chair), Paula Stevenson and Wayne Bedggood.

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Apology: Kathy Burns, Steve Guihot, Cate McMahon, Peter Bishop and Ann Stewart.

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	<b>Discussion</b>	<b>Action/By Whom</b>
<b>1. Welcome</b>	<p>The Chair opened the meeting at <b>6:15 pm</b>.</p> <ul style="list-style-type: none"><li>• <b>Chair:</b> Introduced Steve Barry from the New South Wales Department of Industry and Investment who will be giving the presentation.</li></ul>	
<b>2. Confirmation of previous minutes</b>	<ul style="list-style-type: none"><li>• <b>Action 26:</b> Michael to provide David with background information on enquiry for David to forward to Committee. Completed.</li><li>• <b>Action 27:</b> Santos to consider appointing an independent consultant to assist landholders with what information is available to them during negotiation. Sam tabled an information sheet: Land Access Agreement (Appendix 2), which was developed for landholders in response to Steve’s advice. Sam further proposed inviting Frank Krstic to speak to the Committee or local solicitors about land owner rights. Frank was responsible for writing the On-Shore Petroleum Act and is currently not working for government or an oil and gas company so could be independent. Steve Barry said it was a common issue where local solicitors are not specialists in that area. Wayne and Michael said local solicitors are generally fairly well up to speed. Michael: The enquiry recommended there needed to be an independent person. Wayne: Access to independent people would become mandatory for all companies to provide, it isn’t</li></ul>	

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at the moment, while some people do, do it not everyone does. Sean: In terms of the local solicitors there are many people who go to their own solicitor their whole lives and they may not want to change, and those solicitors may need some updating on the legislation. Michael: Perhaps that can be facilitated by the SCC so that when Frank does address the group we then open it to the local solicitors. Graham: We would like to have a representative from the EDO to offer some balance. Sam: We thought of Frank because he is independent, he has historically worked for the government and for gas companies but he currently does not. Graham: The EDO, their position would be to expand on their experience and they are the most experienced team around. They have worked on promoting some of the legislation, so they would definitely put a slant on the legislation; their charter is independent. Wayne: I think we need to think about what we will glean from the speakers as a Committee. People know where the EDO is for advice, whereas Frank having written the Act may be better to hear from. Many of the local solicitors have also been to EDO workshops, but may not have spoken to someone who wrote the legislation. Paula: Well we need to have them because as Kathy pointed out people in the Committee are starting from scratch so we should do it. I have been to lots of EDO workshops, but not everyone is up to speed on this Committee. Wayne: It depends what you want from doing the exercise. Graham: My position would be only as a point of balance. If we have someone who wrote the legislation we need someone to fill in the gaps with the EDO. Chair: Would you agree with Wayne that most of the solicitors would have been through the EDO training? Graham: No. Wayne: I can only speak of three or four who are across it but the others I can't speak for. Chair: Would Santos be comfortable in getting Frank to talk to the EDO to talk about the kind of presentation they could give. SAM: If we think it is a useful thing to do for the legal fraternity to do we would be happy to facilitate it, but if the Committee thinks it is a waste of time, we don't need to do it, we are simply responding to SG initial request. Michael: Let's get both of these people up and invite all legal firms that may be working in this particular area facilitated by the SCC for education.

Santos to talk to Frank Krstic and the EDO to identify what they could offer to the SCC or local solicitors

- Chair: So we will **review the minutes**, any changes? Paula: I have many things to say about the minutes and I don't want to hold up Steve. So I've written it all down for you and it means Elizabeth will not have to transcribe all of it.
- **Steve Barry – Minerals and Petroleum, Industry Development, Mineral Resources Branch.**
- Presentation – see appendix 1.
- **Questions throughout the presentation:**

### **3. Presentation from Steve Barry, DII.**

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- Graham: Can you give us an idea of how much the **security bond** is? Steve: The security is meant to reflect the liability of the work on the ground, so it is on a case by case basis. Sam: I think Julie spoke about this last month. Wayne: Yes she did and gave some figures. Steve: Generally we review securities when we issue an approval for activities, there are a range of things that can trigger those securities checks.
  - Paula: But this is not retrospective because if there are **evaporation ponds** on the ground they won't have to remediate that. Steve: When the legislation does come in there will be a retrospective element to it. Paula: So if someone was to start drilling today would they be able to have an evaporation pond? Steve: No. There is debate about what an evaporation pond is though. Sam: An evaporation pond is wide and shallow to ensure evaporation, but there other ponds not designed for evaporation, like if you are running an osmosis plant where you want to treat the water.
  - Graham: It sounds strange, you are saying the **regulations for drilling a hole have taken precedent for regulations over ponds**. It seems to be that is wrong and maybe we should be looking at that. Steve: The things people seem to be concerned about are water contamination so we have focused on the drilling procedures not just the surface infrastructure. Paula: Can you say that again? I think people are concerned about land being contaminated, about water overflowing from an evaporation pond. Steve: Controlling surface infrastructure is actually quite a straight forward process, these are common structures that are used across a range of industry, not just this industry. Peter: Wouldn't you rather they spent the time on well integrity than on a pond? Paula: I'm not saying that it should be either, it should be both. Steve: I guess we are going through a process and it is the beginning not the end.
  - Paula: This approval process is new and came in with the new government, so have any **approvals** been granted in this format yet or renewal of licences? Steve: The renewal of licences don't go through this process; but since the government came in there have been very few activities go on. There have only been a few licences that have been approved. Chair: So no new activities have gone through this new process? Steve: Not any that I have seen in the last six months. Paula: Are there things waiting on the land use strategy before they are approved? Steve: I think there are many companies waiting to see what comes out of it.
  - Wayne: So **OEH** is not involved in this process? Steve: I probably need to correct that it is both the EPA and OEH. They were a joint department, but they have been split out. Peter: What is OEH? Steve: Office of Environment and Heritage.
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- **Presentation concluded.**
  - Michael: So you said **enforcements and complaints** are on the website? Steve: Yes, we are still trying to get more stuff up there. Michael: So as the process improves, if a neighbour wants to know about a complaint then they can go on there? Steve: We have a threshold, so we are not putting up all community complaints; we are putting up complaints of a regulatory nature. It becomes problematic in terms of identifying people and so forth if we put all community complaints on the site. Wayne: But the breaches will be up there? Steve: Yes.
  - Paula: How many people are on the ground **inspecting**? Do you have enough? Steve: No and we are trying to address that at the moment. Chair: So your comment is it, it's difficult? Steve: Well there are a range of compliance issues and a range of departments. At the moment the government have at least 100 people, the problem is they are not all full time and they are all looking at specific things. Paula: Have you ever **cancelled a title** because of compliance issues? Steve: Not in recent years. Paula: And the breaches that have been audited, were they in the **government audit** that came out, or just the PEL's that were audited. Steve: That audit was in two stages, one was a desk top then they identified areas of higher concern and so there were independent on the ground audits for each of those titles. They were looking at compliance for each of those licences, but there were other things that were not picked up because they were outside of the scope of the audit; like the ESG because it was a PAL. It is a tool, but it is not the end.
  - Wayne: Isn't part of the issue that there are going to have to be some kind of **ponds** at these work sites? It is unlikely they will rule out all ponds or catchments on all of these sites, therefore defining what is a holding pond, compared to an evaporative pond is difficult, so probably there will be ponds whether we like it or not? Steve: The intent is quite clear, they don't want large bodies of water sitting out there, but we don't want to rule out alternative storage options, like holding the water before treatment. Paula: But you can't keep using the phrase that they will ban evaporation ponds, because it is misleading. Sam: There is a history to this as well, in Queensland it was seen as a way to get rid of the water, but the industry moved on from that and so did the government and it does reflect a change in the industry. Wayne: They should ban evaporation maybe rather than trying to ban specific types of ponds.
  - Wayne: You also had on there about **MinView** and it did my head in. There was another map I was trying to print and it was perfect. I got put onto the person who actually made the map, but he was in a different department and the people in that department could not help me because they had not produced the map. It was a frustrating situation, the data was there, but
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I couldn't get it. Steve: We have all sorts of nightmares like that because our systems are not very well integrated yet. We are hoping to have a simpler system than the MinView soon.

- Graham: Is there a **log of inspections** that have taken place and will there be and can we get the log? Steve: Every time someone asks us for data we have to go through hundreds of files to collate these things. It is a nightmare for us, but in the next month or so we will have the system that will start storing the basics, like inspections. Chair: Will the old ones be put in? Steve: No. Graham: So we lose all that? Steve: No, it is still there, it just won't be in the new system. Wayne: We'd like to see more **staff** in these departments to address these kinds of issues. Steve: It has been recognised and there are steps in place to remedy it. Graham: Was there any data on inspections ever done? Steve: Yes, it is just on paper in files, so retrieval is difficult.
- Peter: If there are a heap of companies waiting to go through this new process and they all went through the process and they were ready to drill the holes, will the department be ready for that? Steve: When it starts happening there will be the staff. This process has been good for the department to properly address **resourcing**. So at the moment we can do it, but hopefully things will be much better soon. Chair: So in a perfect world you'd have a schedule of inspections which does not happen at the moment. Steve: Well at the moment we are more reactive than proactive, so we are now moving to be more proactive.
- Sean: Back to the **MinView** situation, would you be able to identify the Shire? Steve: You can do that now, but they are so obscure that it is difficult to find. So with Councils we are sending information and that is a great capability. Wayne: It is a great concept, but when you get down to the finer details it is difficult. Graham: I've had tuition on how to use it, you forget it by the time you get home, but they are happy to show you. Maybe that is something you can do, is run workshops up here? Steve: There are people within government who are keen to help people do these things. Instead of doing this one person at a time in Maitland it would be good to access more people in the community.
- Steve: If anyone wants to ring me and ask a question, please do so.
- **Steve left the meeting. (7:27pm)**

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#### 4. General business

Chair: So Paula would you like to talk about the minutes.

Paula: I'd like to thank Don for attending the last meeting for me and to Graham for his comments of support in the last meeting. My comments relate to minutes. On page two Kathy Burns made comments about sending her a report on the Pilliga and I want to set the record straight. She said "Paula sent a document saying that it was the Pilliga report, but there were only two lines about the Pilliga....Santos is not really mentioned...I'm unclear why Paula thought it was the Pilliga report and sent it to us." The document I forwarded was a media release drawing attention to the government's audit of ELs and PELs. This was the 106 page report (holds up report) and I did not ever say it was the Pilliga report. The point of the media release was to highlight the fact that the audit did not include the Pilliga as the government said that it was an assessment lease and not a PEL so it was not included. Santos was included and PEL 450, 452 were audited as well as 456, 458 and 461 which Santos has under licence from Macquarie Energy. There were no issues of non-compliance re Santos but of course all the non-compliance when Eastern Star and Santos had an interest in the Pilliga, did not rate a mention. I read the report and would like to make a few comments. 1. The audit was a desk top audit and only 55% of sites were attended by an officer to verify compliance. So the boxes were ticked by companies appointed by the gas and coal companies to complete the audit. Did an officer come to Brawboy 1, 2 Cuan and other sites in PEL 456? 2. There are three items in the requirements: E 15b how are incidents and complaints recorded? Show records and copy of the report. E2c I a complaints register kept? E2b For sites that were in a 1 kilometre radius of an identified noise receptor, demonstrate how noise was minimised. I'd like to know from Sam if Brawboy 1, 2 and Cuan were part of the audit?

SC to identify Santos sites in the audit

Sam: I don't know off the top of my head but I'd be glad to find out.

Paula: I thought that these in particular were relevant to the Brawboy 1 and 2 sites. I have a deposition from the landowners, the Knights who live adjacent to the land owned by Peter MacCallum and where his son Jim and family live. (The deposition was not provided for the minutes). I will quote some lines from their statements. The drilling on Brawboy 2 took place seven days a week, for 24 hours a day for six weeks. The Knights, 1km from the site said that it was 'like having a semi-trailer revving outside the bedroom door all day and night'. Their life was made hell. Despite Santos' statements that noise and

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light monitoring would take place, no action was taken until the Knights complained and drilling had already commenced. No dust minimisation strategies occurred either until the Knights complained of the amount of dust entering their water tanks. These complaints were not recorded and none of the offices of Santos who were contacted have any knowledge of a complaints register being kept at all. The management plan (2008) for Brawboy 1 and 2 states that prior to the commencement of activities at each site, landholders including immediate neighbours of the land on which the activities are to take place will be provided with a notice of the planned activities, in particular drilling. This did not happen, the Knights were told by Peter MacCallum in a casual chat on the road that they might hear a bit of noise the following day as trucks were coming up the road to prepare the site for drilling. This was the first they had heard and Santos had certainly not notified them. So back to the minutes; page seven following comments by Steve Guihot Sam replied, the crux of it is that we contact neighbours to inform them of our activities and how they may be impacted by truck movements, rig movements and so on. I object to Santos using the CC and minutes to record lies like this, when we have the facts of the Brawboy situation. Chair interrupts.

Chair: So what is the main point you are wanting to make?

Paula: I just want to show that he lies (indicating Sam) and what he says is just not true.

Chair: Well I think we need to let Sam respond.

Paula: Sure I will. (Referred back to her notes and continued reading). The Save Bunnan committee was established to try and prevent the misery that befell the Knights from ever happening again to other landholders. We are Aware that Santos had to inform the Council before any activity began but at the 'Gasland' showing at the first Save Bunnan meeting, Councilors denied prior knowledge of what was going on in this PEL. This is why we feel betrayed and why we are sceptical of any spin that Santos churns out. Related to this is the spin that Sam Crafter offered at the meeting of March 27<sup>th</sup> in response to my comment that people are concerned about the value of their land decreasing because of the imposition of a PEL over it. He said, 'the valuation of land bugs me. A man stood up at the meeting recently who said they like the stable income generated by having gas wells and he saw it as a positive for his land value.'

Chair: Paula.

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Sam: I am just curious about this process, what has been grabbed is comments in the context of the meeting and then brought up with other examples to say I am lying. I made comments in relation to a Chamber of Commerce meeting in Moree, I was not saying all land has increased everywhere. What bugs me is that people say it decreases everywhere and the way you have read that out from there is not in context. It is difficult when you are not at meetings and you take things out of context.

Paula: I think that kind of comment about people saying something positive is misleading. They are people who have signed access agreements with you and they are not saying anything negative because they are probably bound by confidentially contracts.

Sam: That is not the case, they are not bound by confidentiality. I did not know the person who stood up. Just for the record it is subjective, there are people who say it adds value and people who say it does not and it is hard to measure.

Paula: It is not hard to measure it is what the Valuer General has done. (refers back to notes to begin reading again).

Michael: You just said that Council wasn't informed of gas exploration and I suspect that wasn't the case. Just because the Councillors present at your meeting were not aware, it does not mean those discussions were not had at Council. Paula: I understand that too.

Paula: The Valuer General's Department in Queensland have said that they are decreasing the value of all properties that have just one hole on them, by 12%. And this is the Valuer Generals Department, not the market. Wait till the landowner tries to sell his place! Peter MacCallum has admitted to us that by having core holes and activity on his land his land is radically devalued, as is the land of his neighbours. And he is a stock and station agent, maybe he knows the facts beyond the spin. The \$5,000 may be useful spending money for a farmer who cannot generate enough cash from his farm, but it is hardly a long term panacea. Page seven comments by Michael Johnsen regarding the SLURP forums; we also attended the Singleton forum and I was invited to speak, as Michael stated at the 'process prior to the meeting where people were encouraged to whip up the crowd.' This is a complete misrepresentation of the meeting; small groups were invited to outline their concerns and present the facts because as Michael pointed out it was probably going to be hard to get a voice heard at the meeting inside later. The forum was highly controlled and regulated with Minister Hazzard insisting that no interjections be allowed and mikes were muted if any further elaboration was requested. I am not sure what Michael

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meant by his comment that 'the emotion that was demonstrated has a lot to do with the maturity of the mining industry' and I resent his inference that our contributions were negative and not tactics he approved of, however they were not 'out of control'. Thank goodness we have Michael as an arbiter of what is a fair protest. I guess that his objections are probably based on the negative comments that George Souris received from his constituents outside the hall. In a conversation later with one of our members the Honourable George Souris told him that he should relax and not worry as Santos would not be doing any more activity after Bunnan. When I pointed out to him in an email that Santos have an application for renewal of their licence for six more years and plan more core holes, see minutes and Sam's comments on March 27<sup>th</sup>, he said that his 'remark was not based on sound knowledge'. What hope is there our own Nationals MP has no knowledge of what's going on in his electorate? (finished reading from the notes). I went to the Singleton meeting and Michael made comments about the meeting and I felt they were misrepresentative and can you tell me what the maturity comment means?

Michael: I was referring to the maturity of the industry in terms of it being here for a long time. I would prefer it not infer I am pro or anti this industry as you have just tried to do.

Paula: Well you do have to listen to your party.

Michael: Don't try and bring in politics, that's crap you know it. I am a responsible citizen who is quite capable of making my own decisions.

Chair: So are we happy to accept the minutes?

Sam: So can we just clarify what you want me to come back on? We can go back and dredge up the history of the Knight's, I'm just not sure if there is value in bringing that to the table. Paula: Yes, there is because the Knights asked me to find out if you were going to notify them if seismic goes ahead, are their trucks driving up and down and what they can expect and if you will give them that information before they start and a vague idea of when activities will begin. Sam has said it is their next activity, so the neighbours want to know the impact, when it is going to start and so forth.

Chair: Sam can you clarify at one of the meetings you said works were on hold? Sam: Yes, but we have said seismic is work we intend to do, but we don't have a date and we will contact the Knights when we do.

Santos to contact the Knights and provide them with appropriate details

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Wayne: But there are ads and things and it is in the public domain. Paula: You should not have to buy the paper. Sam: In the past the community processes were not up to standard and clearly with the Knights the processes there we used were not good enough. The system is different now, one example at Gunnedah, there are about 30 people in a reasonable radius of the site and they are sent information and we have kept them up to speed with each activity. The other reality is with the history of the Knights, so we will be in direct contact with them. Graham: So can we take it as said that Santos has made mistakes before, but they won't be repeated? Sam: Yes. We have made mistakes and things that have not been done as well as they should be and we have put in better systems and processes to address that.

Wayne: To the Chair: I am a little concerned there are comments that have been made in good faith and we are a diverse group of people with diverse views. I am concerned that Paula has come back and taken comments out of context and it is almost verballing people here tonight. I am now concerned about comments I might make in good faith and anyone else here that will be taken out of context and we should go back to terms of reference. Verballing people especially when you were not at this meeting is extraordinary. To the Chair, I find this concerning and not constructive. Sam and Michael talked about things they saw and their interpretations to label that political is out of order.

Paula: I didn't label it political and I don't think it was objective to say it was to whip up people.

Michael: May I ask would it have had the same impact if you had your meeting after the main meeting, instead of before?; if it is simply a forum, to me that would hold credibility. Paula: I understand if I was not at the meeting, then all I can go on is the minutes. Chair: When we talked about the forum I gave Graham, Michael and Wayne equal opportunity. Graham, are you comfortable with that? Graham: Yes, I made my comments on George Souris and what I am saying here is we are discussing the words in the minutes, we are not talking about verballing someone, we are talking about the minutes.

Michael: There were a series of statements in there. If anyone is going to make comments on previous meetings, they need to be there. For example, you can't vote on if it was a true and accurate record because you weren't there, that is standard procedure at every meeting I have ever been to. Wayne: You can't make assumptions about a meeting you were not at, without the context of having been here. Paula: Even though Kathy made comments about me that I can't answer? Chair: Happy for you to seek clarification if you were not at the meeting, but for some of these things unfortunately you did not have the context. Graham: We are not voting on the minutes, we are talking about what is in the minutes and you should be entitled to comment on it, especially if it involves yourself. Chair: All I am

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suggesting is that if, to anyone, if you have missed a meeting to simply ask, explore and find out before you comment on what was said. Paula does have some valid comments, but some of your concerns have been answered tonight from what I have heard. Graham: Should we not be able to assume that the minutes are accurate enough to do that? Chair: They are not comprehensive. Paula: You can't understand the context from these minutes. Sam: Well unless you want the meeting transcribed? (no comments)

Chair: Let's talk about staging of works if we can, Sam.

Sam: (Tabled Appendix 2: Land Access Agreements and Appendix 3: PEL 456 Update). We have spoken about local water bore testing to gauge from the Committee on how we progress the water testing. I am looking for guidance from the Committee, we are happy to do it now or wait until six weeks prior to drilling, but thought it was worth raising. Wayne: Personally the sooner the better, the more data we have, especially prior to drilling. I would have liked a few years. Paula: The testing was supposed to be done in February last year and 18 months has gone past. Sam: Yes, we are looking at starting the process and for feedback from you here tonight. Peter: When you do water testing on a property, do you give land owners that information? Sam: Yes. Peter: Do they have to ask for that? Sam: No, we simply give it to them. Michael: Who would you get to Chair a community meeting? Perhaps David? Sam: Yes, David would be a good Chair for continuity. Paula: This says (referring to Appendix 2) it has been done, not that they are doing it. Peter: Would you have objections to me being at that meeting? Sam: It is an open community meeting. Paula: Well I'd have to think about it, it should just be those specific landowners. (to Sam) Will you tell people how many landholders you ended up testing? Sam: Yes. Paula: Some landowners have done their own testing and don't want Santos to test their water. Wayne: So how long have these land owners been doing water testing? Paula: For ten years. Wayne: Would they be interested in sharing this information? Paula: I would say they would. Wayne: This goes back to the Chair, if Santos has 10 years worth of data, if the science is rigorous enough, this would be ideal. Chair: Paula, would you be interested in talking to Sam and providing Santos with that information? Paula: Yes, absolutely.

Paula: Can I ask you who approached you from the Bunnan Rodeo for sponsorship? Sam: I am not sure of who has approached us, that is Cate's area but I can find out. Sean: What have you contributed to the local area to date and what will you contribute next year? Sam: I'll get those figures for you.

Graham: You say you are continuing to talk to landholders, is that in the Bunnan area? Sam: it is

PS and SC to discuss obtaining water quality data from landowners

SC to find out who approached Santos for rodeo sponsorship

SC to identify the sponsorship contribution Santos has made locally

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broadly across the region, not specifically Bunnan. All we are telling you is we are continually talking to landholders we want to be up front and clear that we continue to talk about access. To be perfectly honest, people in this area have been subject to intimidation and they don't want to be known. Wayne: I understand what Sam is saying and people may have been intimidated. Can I ask are these landholders subject to confidentiality? Sam: No. it is at their discretion. Wayne: Fair enough, I can understand why they might not want to be identified. Sam: The confidentiality lies with the landholders and they have not authorised us to speak to other people. Graham: Will there be in a confidentiality arrangement where they can't talk? Sam: We are not imposing that no, but they can choose to remain confidential. Graham: So when will that change, when will they want to be known? Peter: Mr Chair? (referring to tone of discussion) Chair: Are you saying from the Santos perspective you won't be announcing publicly about specific landholders because you are mindful of landholders privacy? Sam: We are not saying to people you can't talk to people about us talking to you; we are happy for people to know, but in most cases landholders don't want us to know. Graham: Alright I have been beating round the bush; I've been approached by landholders who have been approached and they are worried about their land values and I have told them once it is known it is worth zero. Peter: That's ridiculous. Graham: I am talking Peter. There are places in Queensland where it is clear. Peter: Where in Queensland specifically. Why can't you name any proper examples? Graham: It would be good to have a notice in the paper for landholders to know you are exploring. Paula: Why can't you put an ad in the paper? Michael: It says just that (referring to Santos approaching landholders) on the bottom of this page. Peter: Mr Chair, Sam has already addressed this. Chair: So Graham what is the issue? Graham: I don't think it is a privacy issue because these land holders are talking to us. I understand you have an obligation to the landholders, but you need to put something in the paper. I can't say it will alleviate any of the angst, but at least you won't be sneaking around. I don't know what you can say in it though. Sam: We have made it clear that we will continue to speak with landholders, I take your point about looking at how we go about talking to the public about it.

Sean: To the Chair: Does this Committee have an opportunity to have a pack that Santos can give to landholders with contacts to start to contact people? Michael: Maybe a double page thing about EDO, Council's details, a range of contacts? Sean: And solicitors about people who know this area. Sam: Happy to look at that. The process we go through is a business transaction and incorporating an info sheet may be worthwhile, but not everyone discloses their business throughout the district and the landholders we deal with are no different. Graham: I'd suggest you do what the minerals do and advertise in the paper. Sam: Sure, we are happy to look at that. Michael: I know of a landowner with

Santos to consider how to communicate landholder negotiations to general public while maintaining the privacy of individuals

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AGL, who was making complaints about AGL and their access discussions because they wanted to drill holes and I asked the question at the CCC and we were told it was seismic, and I went back to the landholder and they said, "that's right it is seismic". There is responsibility from the landowner to tell the truth or to keep to themselves, and that is their choice.

Paula: With Macquarie Energy they have the licence for 456 and you are the operator. So if there is a compliance issue are Macquarie Energy responsible to the operator? Sam: We are jointly on the title so we would both be liable. In terms of the logistics of reporting then that is the operators responsibility.

Chair: I believe you have a hand out about the relinquishment of part of the PEL area? (referring to Sam).

Sam: Yes, it is following up on Peter Bishop's question and there are two maps (see, appendix 4). The key thing about this is that we have put in the application, but the government has not approved this and this may change. So we need to understand this is what we have put forward, it has not yet been approved. And the last thing is the update on the Pilliga (Appendix 5). We have a couple of photos, it is not all of the photos, but a few for you to see.

Wayne: We have asked Santos a lot and this last line says they are continuing to talk to landholders, I think there is onus on us as a Committee to let people know negotiations are happening. Paula: We have already told people because Sam said that in the April meeting and I have sent that to all of our people.

Michael: I know the Pilliga Update is on the agenda, but personally I think it is far more important to focus on things within our PEL, not out of it. Fair enough staying across it and raising questions when it is relevant, but an update every meeting? Graham: It is important that we understand what is going on up there. Michael: Well then this CCC could cover all PEL's not just this one. Paula: We should be reflecting on Santos activities, it's not another company. Michael: I am just making the point that our focus is PEL 456 and we can talk about issues as needed, but to table it for every meeting is not necessarily productive. To highlight perhaps the Pilliga at the end, so that if we don't have time we make sure we discuss the more relevant issues. Chair: Yes, I am mindful people want to stay up to date, but it is a subset of the main agenda of these meetings.

Chair: The other thing we need to consider is what the next topic will be. Referred to the issues list of

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the Committee. Peter: I would like to know about fracture stimulation and how they do it. Paula: I think before we get to that we need to talk about hydrology and the Oxley Basin and I'd like an independent hydrologist to talk about what the Oxley Basin is and how it interacts with the aquifers. Wayne: Who would that be? Paula: John Ross works for AGL and is good, but is not independent; but I would not object to him at all. Chair: Let's identify two options. We may not be able to secure someone with such short notice. Wayne: What about an option with the community as there has been a lot of discussion tonight about the community. Sean: Mine is getting a better understanding of the proposed community sponsorship programme. Graham: Who would pay for an independent person to come up? Sam: I'd say that would be us and within reasonable bounds we are happy to support that, if they are from the US that might be a bit far. Wayne: Willgoose lives here in town. Paula: No, I would veto him. Graham: I would too. Michael: Can we have John Ross come and talk? Does Santos have a problem with that? Sam: No, that would be fine. Chair: We can approach John Ross, but we need a secondary option? Michael: Should we put off the next meeting until the July date since that will give us more time to secure someone? Chair: How does the Committee feel about that? Graham: The two people I would suggest work for Universities, Gavin Mudd and Philip Pells. Sam: So is Willgoose and there are many other people who work for Universities. Graham: But Willgoose if you do a search on him, you could cast aspersions on him. Sam: There is a Peter Baker who works for the Federal Department, he sits on the Namoi Catchment study and has done a lot of work for the commonwealth in Queensland. Chair: Would you be comfortable with his independence Graham? Graham: I think someone who does not work for the industry would be independent. Wayne: Would he be up to speed with this area? There is no point in him being here if he does not know this specific region.

Santos or DR to contact John Ross, Gavin Mud or Phillip Pells to present on local hydrogeology

- **Meeting closed: 8:47pm.**
  - **Next meeting: Tuesday, July 24.**
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**Attachment 1. Issues prioritised by the Committee Members and progress made**

	<b>Issue Prioritised</b>	<b>Progress Made</b>
<b>1.</b>	Understanding the impacts of the coal seam gas industry drilling and fracture stimulation techniques on water	<b>Well integrity presentation – Feb 2012</b>
<b>2.</b>	Identifying the need for independent peer reviews of water monitoring	
<b>3.</b>	Better communication with the community	
<b>4.</b>	Providing timelines for proposed activities, including Santos activities, commercial in confidence matters and regulatory changes	
<b>5.</b>	Providing better education on the process and impacts of coal seam gas	
<b>6.</b>	An understanding of the cost of the industry to the community and how this may be recovered	<b>Discussed at February meeting</b>
<b>7.</b>	Establishing baseline data of local aquifers	
<b>8.</b>	The need for independent specialists such as hydrologists and geologists to provide information	
<b>9.</b>	Understanding how value can be added to the community through this process	

**Attachment 2. Actions raised by Committee Members that are not complete**

	<b>Action Raised</b>	<b>Date Raised</b>	<b>Progress Made</b>
1.	Committee to ensure that all communication is distributed through DR rather than through any other individual(s)	29 <sup>th</sup> November 2011	<b>Ongoing</b>
2.	Alternates to be briefed by their colleagues before attending any meetings, as required	29 <sup>th</sup> November 2011	<b>Ongoing</b>
3.	Santos to present on legislative approvals process at a future meeting	29 <sup>th</sup> November 2011	
4.	Santos to invite water specialist to present at next meeting	29 <sup>th</sup> November 2011	<b>Ongoing</b>
5.	SC to table an REF at a future meeting	29 <sup>th</sup> November 2011	
6.	SC to present at a later date on the Eastern Star Gas pipeline projects once the business plan has been completed	29 <sup>th</sup> November 2011	
7.	DR to provide Committee Members with copies of future media releases	29 <sup>th</sup> November 2011	<b>Ongoing</b>
8.	Santos to report back to the Committee on the findings of the investigation in to spill	24 <sup>th</sup> January 2012	<b>Ongoing</b>
9.	Santos to report back on whether a prosecution is to go ahead	24 <sup>th</sup> January 2012	<b>Ongoing</b>
10.	CM to report back on progress on joint water forum	24 <sup>th</sup> January 2012	<b>Closed</b>
11.	Minutes to be provided to members within one to two days and members then to have five days in which to provide comments back to the Chair	24 <sup>th</sup> January 2012	<b>Ongoing</b>
12.	Santos to present on well integrity at next meeting	24 <sup>th</sup> January 2012	<b>Ongoing</b>
13.	DR to ensure there is another presentation on the impacts of CSG on water management	28 <sup>th</sup> February 2012	<b>Ongoing</b>
14.	DR to ensure there is a presentation on fracture stimulation in future presentations	28 <sup>th</sup> February 2012	
15.	DR to invite government regulator to present at next meeting	28 <sup>th</sup> February 2012	<b>Ongoing</b>
16.	Pilliga issue to remain on the agenda for March meeting	28 <sup>th</sup> February 2012	<b>Ongoing</b>
17.	DR to invite WB, MJ and PB to present their views on the land use forums at the next meeting	27 <sup>th</sup> March 2012	<b>Completed</b>
18.	Santos to provide before and after photos of the Brawboy 2 site at the next meeting.	27 <sup>th</sup> March 2012	<b>Ongoing</b>



19.	Next water management presentation to respond to the issue of geological flaws and cracks	27 <sup>th</sup> March 2012	
20.	Santos to provide updates on progress of organising future joint forums	27 <sup>th</sup> March 2012	
21.	DR to talk to Julie Moloney about landowner rights	27 <sup>th</sup> March 2012	<b>Completed</b>
22.	Produce written update on work schedule in PEL 456	27 <sup>th</sup> March 2012	
23.	DR to talk to Julie Moloney about responding to road sales in April meeting	27 <sup>th</sup> March 2012	<b>Ongoing</b>
24.	PB and PS to discuss organising a cattle property tour with Santos	27 <sup>th</sup> March 2012	<b>Ongoing</b>
25.	DR to ensure that staging of works to be a set agenda item	27 <sup>th</sup> March 2012	<b>Completed</b>
26.	MJ to provide DR with background information on enquiry for DR to forward to committee	24 <sup>th</sup> April 2012	
27.	Santos to consider appointing an independent consultant to assist landholders with what information is available to them during negotiation	24 <sup>th</sup> April 2012	
28.	Liz to also email Steve Guihot a copy of the Update	24 <sup>th</sup> April 2012	
29.	Santos to provide CCC with copy of its submission	24 <sup>th</sup> April 2012	

**Attachment 3. Actions raised by Committee Members that have been completed**

	<b>Action Raised</b>	<b>Date Raised</b>	<b>Progress Made</b>
1.	SC to provide DR with copy of presentation to go out with minutes	29 <sup>th</sup> November 2011	<b>Completed</b>
2.	SC to provide information on crops grown (at site in presentation) and the details of the water content of the treated water	29 <sup>th</sup> November 2011	<b>Completed</b>
3.	DR to contact Committee members to determine the <b>date for the next meeting.</b>	29 <sup>th</sup> November 2011	<b>Completed</b>
4.	DR to forward Kathy a copy of the previous minutes	24 <sup>th</sup> January 2012	<b>Completed</b>
5.	CM to source information on costs of running a desalination plant	24 <sup>th</sup> January 2012	<b>Completed</b>
6.	CM to report back on Santos' policy on community investment	24 <sup>th</sup> January 2012	<b>Completed</b>
7.	DR to contact Committee members to determine the date for the next meeting	24 <sup>th</sup> January 2012	<b>Completed</b>
8.	SC to resolve Santos mail out database	28 <sup>th</sup> February 2012	<b>Completed</b>
9.	SC to provide DR with possible government contacts for presentation	28 <sup>th</sup> February 2012	<b>Completed</b>
10.	DR to discuss list of government contacts with PS	28 <sup>th</sup> February 2012	<b>Completed</b>
11.	DR to invite government regulator to present at next meeting	28 <sup>th</sup> February 2012	<b>Completed</b>
12.	SC to respond to Foreign Correspondent story at March meeting	28 <sup>th</sup> February 2012	<b>Completed</b>
13.	Electronic copy of Santos report on the Pilliga to be forwarded to the Committee	28 <sup>th</sup> February 2012	<b>Completed</b>
14.	Hard copy of Santos report on the Pilliga to be sent to Don Eather	28 <sup>th</sup> February 2012	<b>Completed</b>
15.	SC to identify the date for licence renewal	28 <sup>th</sup> February 2012	<b>Completed</b>
16.	Santos to present on well abandonment at March meeting	28 <sup>th</sup> February 2012	<b>Completed</b>

# LICENCE RENEWAL PEL 456

## LAND TO BE RELINQUISHED

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Information for the Santos Community Committee – Upper Hunter, May 2012.

The purpose of exploration is to identify areas of potential gas production. During exploration, areas are also routinely determined to be unlikely for production potential. As part of the governments licence renewal process companies are required to relinquish 25% of the licence area with each renewal application.

The renewal application for petroleum exploration licence (PEL) 456, was lodged with the New South Wales Department of Office of Resource and Energy on February 2, 2012.

The renewal application proposed 15.85% to be relinquished on March 2012 and a further 9.76% by March 2014, making a total of 25.61%.

The first area to be relinquished consists of 13 blocks from the southern and western portion of the licence as illustrated below.

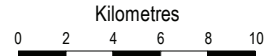
The reason this section around Gulgong is being relinquished is because our belief is that the Late Permian coals being targeted are either absent or too shallow.

It is important to note that this is the proposed area outlined in the renewal application, but the NSW government regulator is yet to make their assessment or approve this and the determination of this sits entirely with them.

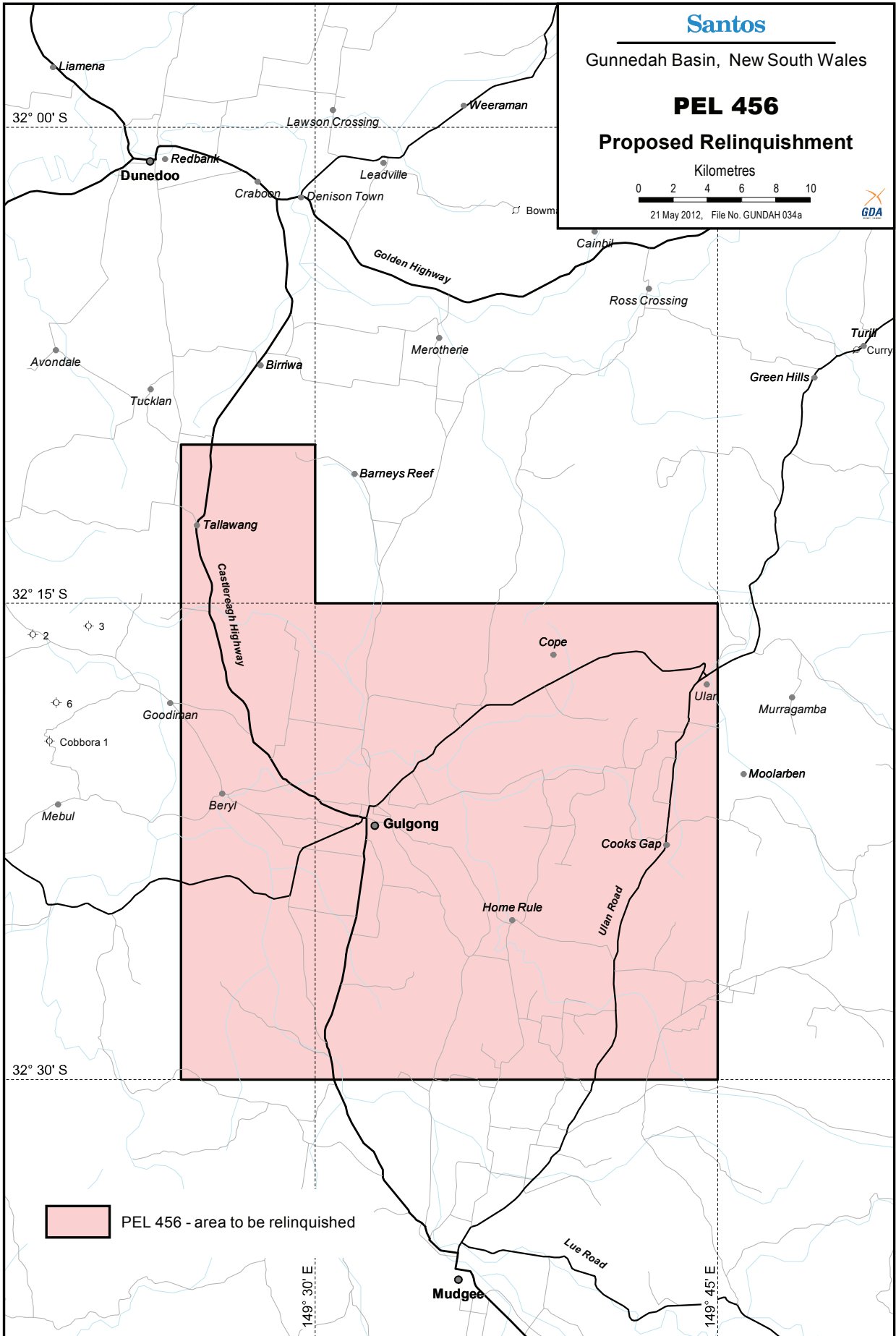
*Map attached over page.*

**PEL 456**

**Proposed Relinquishment**



21 May 2012, File No. GUNDAH 034a



# PEL 456 UPDATE

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Information for the Santos Community Committee – Upper Hunter, May 2012.

## Water bore testing

We have been conducting water bore testing in the Gunnedah area and we are keen to begin water bore testing in the Bunnan area.

Typically we conduct water bore testing at least six weeks prior to drilling, however it can be done at any stage prior to drilling to establish local baseline data.

In the case of the core hole at Bunnan, the core hole has not been scheduled and is unlikely to occur until the end of the year.

To date the activities regarding local water bore testing have included:

- > phoning local landowners to discuss water bore testing;
- > discussing the activity at community meetings in Bunnan;
- > presenting to the SCC-UH on local water bore testing, and
- > running advertorials in the Scone Advocate about local water bore testing.

When Steven Tapsall presented at the SCC-UH in January the feedback was positive to gather the baseline data and we seek the advice of the Santos Community Committee – Upper Hunter in progressing the activity with the community.

The participation of landholders is completely voluntary.

## Community Sponsorship

Dart Energy had several tables at the Scone Cup last Friday and invited local guests. Representatives of Santos also attended and had an enjoyable day at an important community event.

Santos is regularly approached to sponsor local community events and we are pleased to invest in local communities where we operate. Sponsorship money for this year has already been allocated and we are currently developing a community sponsorship strategy for New South Wales, which will include opportunities for Upper Hunter Shire area. We will notify the community when the grants program for next year is available.

## Exploration activities

No drilling is scheduled in PEL 456 at the moment and we will notify the community when it is.

In the meantime we will focus on conducting local water bore testing in the Bunnan area.

We continue to discuss land access for future exploration with several local landholders, but no further exploration activities have been defined at this stage.

# NSW CSG

## LAND ACCESS AGREEMENTS

May 2012

Santos has more than 300 land access agreements in place with landholders. Santos has never taken a landholder to the land and environment court and prefers to only work on properties where landholders are comfortable. Access agreements with Santos are based on the understanding that the company is a guest on the landholder's property and will at all times behave with respect and courtesy.

We intend to continue to have productive and mutually beneficial relationships with private landholders, wherever we conduct business.

### What is a land access agreement?

A land access agreement is a legal agreement between a landholder and a company, allowing a company to access property to conduct exploration.

The agreement is negotiated between the landholder and the company and details the conditions for the explorer to access the land, which may include the compensation payable.

Exploration may not commence until an agreement has been reached.

### What conditions can be part of an access agreement?

Landholders are encouraged to raise any conditions they would like as part of the agreement. For example some landholders have asked for cattle grids to be installed to ensure their livestock are not able to escape if a

gate is left open. Other landholders have requested exploration not occur until after major events such as harvest. Santos wants to work with landholders to ensure the exploration causes the least disruption possible.

Some general conditions the landholder may negotiate in an access agreement include:

- the time frame for the exploration;
- the parts of their property which may be explored;
- the path of the access road to the exploration site on their land;
- how to minimise any interruption to the landholder's business activities during exploration;
- hours of operation;
- the kind of exploration which is to be carried out;
- the compensation to be paid;
- how any disputes will be resolved and
- how the agreement may be varied.

### How can I get independent legal advice?

Santos pays for landholders to seek their own independent legal advice for an access agreement.

The government has stipulated that the explorer is required to pay the reasonable legal costs of the landholder in obtaining initial advice about an agreement.

Companies such as Santos include the total costs for legal advice as part of the access agreement with landholders.

When dealing with other companies, the landholder could also negotiate their total legal costs as part of their access agreement.

Is there an access agreement template written in plain English that I can read?

Santos can provide examples of previous access agreements, which does not identify the landowners.

The New South Wales Farmers Association and the Australian Petroleum Production and Exploration Association Ltd (APPEA) are developing a standard access agreement.

The best place for landholders to get independent advice they understand is from their own solicitor.

### What are the rights of landholders?

It is crucial to understand that landholders do have legal rights during all coal seam gas operations, including exploration.

There are many third party interest groups, lobby organisations and industry bodies, but your own solicitor is ethically bound to represent your best interests and ensure you are fully aware of your rights.

While any third party can provide you with advice or negotiate on your behalf, your own solicitor is always recommended for legal advice.

Some landholders may like to have a relative, friend or neighbor involved in helping them negotiating their access agreement negotiations, Santos is happy to negotiate with whoever the landholder wishes.

The New South Wales Department of Minerals and Resources, which regulates coal seam gas exploration in NSW, also has information for landholders on its website: [www.resources.nsw.gov.au](http://www.resources.nsw.gov.au) and can be contacted for further information.

### Are access agreements confidential?

Confidentiality is at the discretion of the landholder.

Santos is comfortable in sharing access agreements with the broader community, but respects the privacy of landholders and will only share the access agreement if the landholder agrees.

### What if an agreement cannot be reached?

Santos does not want to work on properties where the landholder is not comfortable with the activities and would prefer, in those instances, to find another property.

## CONTACT US

For more information contact:

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or visit the Santos website

[www.santos.com/nswcsg](http://www.santos.com/nswcsg)

**Santos**  
We have the energy.

# UPDATE ON PILLIGA

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Information for the Santos Community Committee – Upper Hunter, May 2012.

**Bohena wells** are being plugged and abandoned and progressing well. The work is on schedule to be completed by May 31, 2012. An independent ecologist continues to audit the rehabilitation work at the end of each week.

- > Rehabilitation of the **Bohena ponds** has commenced. The pond walls are being remediated and the ponds are being tested for overall integrity.
- > **Reverse osmosis plant** upgrades are on track for completion by the end of the year.
- > The **Bibblewindi** area impacted by a spill in 2011 is being rehabilitated and expected to be completed in August.

Some pictures of the rehabilitation work to date in the Pilliga:

## BOHENA SOUTH PONDS

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## WILGA PARK Contaminated Soil

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