
MINUTES: SANTOS COMMUNITY COMMITTEE – UPPER HUNTER
Tuesday, **April 24, 2012**
Barry Rose Room, Upper Hunter Shire Council office.

Attendance: Julie Maloney, Ann Stewart, David Ross (Chair), Peter Bishop (PB), Kathy Burns (KB), Sam Crafter (SC), Steve Guihot (SG), Sean Constable (SCo), Cate McMahon (CM), Cr Michael Johnsen (MJ) and Don Eather (DE).

Apology: Wayne Bedggood, Paula Stevenson and Peter Miller.



Discussion

Action/By Whom

1. Welcome

The Chair opened the meeting at **6:25pm**.

- **Chair:** Introduced Julie Moloney from the New South Wales Department of Industry and Investment. Committee agreed to begin the meeting with the presentation, then review the minutes.

2. Presentation from Julie Moloney, DII.

- **Julie Moloney, Principal Adviser – Minerals and Petroleum, Industry Development, Mineral Resources Branch.** I am based in Maitland and my background is as a geologist, in coal exploration and basin analysis. I am now in an advisory role, which involves a lot of community consultation. I am very aware that while these titles have been around for many years, it is very confronting when a company knocks on a landholder's door and until that point they may not have even been aware what a PEL is. This presentation is very big picture and certainly we can point you to more detailed information. Please don't hesitate to contact me directly for more detailed information.
 - I've been working in the Hunter and Gunnedah Basin for many years, prior to being in Maitland I was based in Singleton. Began presentation: see appendix 1.
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- **Questions throughout the presentation:**
 - Peter: Is the **title size** the same as what is in the renewal? Julie: I have not personally reviewed the Santos licence renewal application, so I don't know the specifics of that application, perhaps Santos is better placed to answer that. Ann: There is a 25% relinquishment portion during the next three years. You can do that gradually over the three years, or you can do that in one hit.
 - Steve: Have you ever seen one of these **knocked back**? Julie: I am not personally aware, but what I have seen is when companies have not performed that their conditions have been tightened or they are asked to relinquish the title.
 - Graham: Is there a **bond** for activities? Julie: Yes there is and we will cover that in the next few slides.
 - Kathy: Do they get **fined** if they don't do the community consultation condition? Julie: They are not financially fined, but it would be a breach of their licence and their licence may not be renewed, or the Minister could issue special conditions directing the company to improve and comply.
 - Kathy: Paula sent a document saying it was the **Pilliga** report, but there were only two lines about the Pilliga, it seems to be about how the government wants companies to report. It is a 106 page report. It wraps a lot of companies over the knuckles, but Santos is not really mentioned. I'm unclear why Paula thought it was the Pilliga report and sent it to us. Is it the guide the government expects companies to use to report? Julie: I am unsure what document she may have sent you, but the government does have clear guidelines for companies to report on a range of things relating to their licence.
 - Graeme: Are **annual reports** from companies on the government website? Julie: No, but they are generally on the company's website. Graeme: In minerals it has to be on the government website and a copy needs to be sent to the Council. Julie: Are you meaning the REF? Yes, the REF's are posted on the government website, but an annual report is different.
 - Sean: Is there a guide or a **template for farmers** to help them with this negotiation process? Julie: I would refer you to the NSW Farmers who are currently working on that template. Graeme: I would refer people to the Environment Defenders Office and they periodically run workshops in gas infected areas and the information is free and quite detailed. Julie: There is also more detailed information on our website for landholders. Don: What about protected plant species? Julie: That comes under the REF, but it is generally something a landholder may
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be aware of and it may become part of the initial negotiations, for example they may say there is an endangered plant species in a certain area of their property, so they may plan the exploration elsewhere. Cate: Just to clarify Don, an REF is a review of environmental factors.

- Steve: So can the **REF** be done before the **access agreement**? Julie: No, you need an access agreement, before an REF can be approved. Peter: Do you need an access agreement for each activity? Julie: That varies with each company and each agreement. Sam: We do an activity based agreement, so any new activity would require a new agreement. Julie: It is a good idea for there to be clear timeframes for the agreement, so that if the timeframe lapses another agreement needs to be made. Graeme: I've told people how to rescind an agreement, for people who have been tricked into signing one, what does the department think of that? Julie: I can't comment on a specific legal document, but the access agreement is a binding legal agreement and would have to be assessed. Sam: From our perspective it is important that the landholder is happy to work with us at every stage. We don't want to be on anyone's property if they are not comfortable with it, it is too difficult. So, at every stage both parties should be comfortable with the negotiations. Graeme: So does the government support people rescinding? Michael: Under general contract law if people are being tricked into signing a document it is basically null and void anyway. Peter: Do you have any figures on how many go to court? Julie: I don't have those figures on hand, but generally speaking very few, especially considering the level of exploration in NSW; but there is evidence to show there are now more cases going to the land and environment court.
- Steve: The landholders have not been consulted in the approving or the granting of the PEL (petroleum exploration licence), but are then forced to deal with that; there seems to be a discrepancy in that. There is a power differential there that is skewed towards the company. Julie: I understand what you are saying. **Negotiations for access agreements** is a process, it can be lengthy and it can be confronting, but it is important for landholders to know they do have rights and they can set terms and conditions for the exploration on their property. Steve: I imagine if you are dealing with elderly people, feeling threatened would be a substantial process to deal with. Julie: People who do not feel confident negotiating, can nominate someone to negotiate for them, a friend a family member or a solicitor. It is a legal document and people should get independent legal advice. Sam: Actually we pay for the landholder to get their own independent legal advice as part of the process. Julie: If you approach it as a negotiation, a landholder can absolutely say, I want to get legal advice and I want you to pay for it. One of the main reasons I am here tonight is to address you as landholders and

community representatives to ensure you understand that landholders have rights, you are not powerless. They may not like the position they are in, but they do have rights and we want to empower people with that knowledge.

- Graeme: If there is a **dispute** over where they are drilling, how long is it until the landholder can make them stop? Julie: Resolution should be part of an access agreement. In the first instance the landholder should say to the explorer, this is not what we agreed and you need to cease. If they don't they need to report that to the department who can then direct them to cease immediately. Graham: Is there any provision in the legislation for the landholder to be able to stop them immediately? So then the landowner would have to go to court? Ann: If you contravene the land access agreement then you have breached the contract and it is reported to the regulator, which directs them to cease the non-compliant actions. Julie: If you believe that there is any activities that breach the access agreement or the regulations then you report it to the regulator, they will investigate and they can direct the company to cease activities immediately.
 - Peter: When was the last review of the **On-shore Petroleum Act**? Julie: I am unaware of the last review, but I am aware that it is scheduled for review, but I do not know the exact date for when that begins.
 - Steve: Is there an **ombudsman** involved in this process? Julie: No.
 - Graham: Is there a problem for them to **sell gas** on an exploration licence? Julie: Absolutely. They can test it, but they can't sell it. Sam: If you are talking about Eastern Start Gas and the power station, they made an application to put the gas into the power station from pilots, rather than putting it into the atmosphere or flaring it. Graham: Doesn't that breach it? Sam: It went through the range of approvals to assess that and it was approved. Julie: To be clear under an exploration licence there is no approval to sell gas. Graham: It seems strange that there are loopholes. Julie: Well it is not a loophole, there are two different acts; there is a separate approvals process for exploration and production. Graham: But there is a project where they are generating power with the gas on an exploration licence. Sam: My understanding is that they were producing gas from pilot wells and to manage the gas they looked at a power station and they went through part 3A approvals for the power stations. The decision was made to put it into an intermittent power station, instead of venting or flaring the gas, but the driver of it is the pilot testing of the gas, they don't have a gas field.
 - Peter: What does it cost to **buy a PEL**? Julie: They are not for sale as such. Peter: If it is tendered somewhere, what is the price of that? Julie: Companies who do exploration may
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view it as an asset and I am aware that there are commercial arrangements, but the government does not view it as a commodity. You do not buy an exploration licence, you submit a tender for a licence and it is reviewed and granted based on a range of criteria, you can't buy one from us. Sam: It is mainly assessed on a work proposal for the PEL, you would have to compete with other companies in that tender process and have a better work programme than the other companies. Julie: There are financial commitments that have to be paid by the successful tenderer including securities, but there is the work programme that is central, the financial ability for the company to carry out those works, environmental criteria, community consultation criteria a range of things they are assessed on.

- Steve: Did the **security deposit** cover the clean-up in the Pilliga? Julie: The department is investigating the Pilliga operations, with a view to prosecution, so I can't comment on that case. Steve: So a PEL is not tradable, but the company that owns it is? Julie: Yes. Sam: Yes, you could buy a company that has PEL and take ownership and responsibility of that licence.
- Graham: So it could take 50 odd hours to investigate a complaint; like with what happened in **Camden** where water was spilling everywhere for days. It was even filmed and shown on television. Julie: Anything involving exploration is referred to my department, but I am unsure if the matter you are referring to was a production issue, certainly there is a lot of gas production in Camden and it is probably a matter for another department to comment on that response time.
- Steve: You mentioned you are a small department, perhaps your department could benefit from more **resources** to help police these sites
- Graham: I want to know how much the **rehab money** is worth per well, because why is Santos saying it is going to cost them \$20 million to rehabilitate? Sam: What we are spending is on infrastructure, not just rehabilitation. We are looking at totally revamping the plant, not just remediating the site. Michael: It may be oversimplified but it is like renting a house and the bond is used if the tenants damage the property. Julie: As to how the bond is calculated there is more information on our website. The \$120,000 for this PEL (indicates the document, *Licence renewal PEL 456 proposed works*, Appendix 5) is calculated on the activity and the activity planned in this PEL is for one core hole, so that is the amount for one core hole. Graham: So only \$120,000 for the whole PEL? Julie: Yes, and that is based on the activity of one core hole, if there is more activity there would be more deposit required.
- Michael: The current upper house enquiry is due to be tabled in parliament on Tuesday and will be available on the website. I am told one of the recommendations will be for an

MJ to provide DR with background information on enquiry for DR to forward to

3. Other business

- ombudsman.
- 8:45pm – Julie concluded the presentation and left the meeting.
- Sam and Ann distributed the following **Appendixes** relating to Julie’s presentation: Additional agreement terms with landholders (Appendix 2); Breaches which can lead to loss of licence (Appendix 3); Community consultation by Santos in PEL 456 (Appendix 4); The Committee agreed Steve Barry from the government will present at the next meeting.
- Steve: There should be an independent person landholders can go to. Sam: In addition to their own solicitors for advice? Michael: There is the EDO (environmental defenders office) which has a wealth of free information and the NSW Farmers which has information. There may also soon be an ombudsman.
- Don Eather: It’s only a matter of time that it will end up like the **streets of Sydney** with shootings. The meetings they had at Bunnan were absolutely hostile. Unless you are living there (referring to Bunnan) you don’t realise how worse things are getting and it is all getting worse not better. This **rodeo** and what Santos is doing there is just adding fuel and this will take generations to heal the rifts in our community. Cate: Just to be clear, I was approached by a member of the Bunnan community to ask if we would be open to sponsorship of the rodeo in Bunnan, I said we would be happy to look at any proposals and that is all I have heard. Chair: Can I ask that the rodeo issue take place off line?

committee

Santos to consider appointing an independent consultant to assist landholders with what information is available to them during negotiation

4. Review of the minutes

- Graham: I was not here for the last meeting and I’d like it put on the record that I fully supported Paula and her actions.
- **Action 18:** Chair: Ann has the images (of Brawboy 2) and has left the meeting, since it was Paula who was most interested in this, it is probably better to have them presented at the next meeting anyway.
- Chair excused himself from the meeting (**7:50pm- 7:55pm**).
- **Action 22:** Sam: We issued an Upper Hunter Community Update during last week, which is the most up to date information we have.
- Don: Where is the **yellow box, white box** that is mentioned in the Update? Sam: The grasses associated with them are on the property and were in the original location, which is why the site was changed to the new site that did meet the ecological requirements. Don: But the whole of the property is like that as basalt country, it’s all white box. Sam: Well that is why we went through the ecological assessment to find an area which was suitable.

Liz to also email Steve Guihot a copy of the Update.

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- **Point 24:** Cattle stud tour: Peter Bishop is looking at also inviting some Ministers on the tour. The farmers are very keen to show you guys around. It will take a few months to line up. It would be good to get a Minister or two. I'll get in touch with Sam.
 - **Steve:** If something is happening on my **neighbour's property**, how am I impacted and consulted. Sam: We circulate information to the neighbours in areas where we work. Don: When did that start? Sam: It has always been that way, for example in Bunnan all of the neighbours were sent a letter about local water bore testing. While we usually like to have information sessions first, then to water bore testing, regardless of what we contact neighbours about, in what order, the crux is we contact neighbours to inform them of our activities and how they may be impacted by truck movements, rig movements and so forth.
 - **Point 25:** Work program: We also received a phone call and an email from Paula with this question and the Update we issued does show what work we plan. I've brought tonight the staging of works which we have submitted to the government (see appendix 5). Graeme: Where will the second hole be? Sam: That is what we need to work out, the first one is in Bunnan and then we need to determine where that next hole will be.
 - **Don:** Why was it changed to be a **sumpless** bore? Sam: The landholder requested sumpless drilling. It is something we do, we don't have a lot of rigs that do it and the landholder we were dealing with wanted it, so we were happy to do it. Don: What does it mean for the core hole? Sam: It is for the drilling mud and it is simply one of two techniques, the other technique is with sumps, which is the most common form and we are confident in that process to, it comes down to preference of the landholder. Don: So it is a steel tub on the back of the rig instead of the holes beside it? Sam: Yes.
 - Chair: I'd now like to ask Michael, Graham and Peter to talk about the **regional land use forums** which some of you attended. Michael: There were hundreds of people at the Singleton forum. The comparisons between that and the Gunnedah meeting was that the Singleton meeting was more emotive and the interest of the participants was very strong. There were 10 or 15 people lined up to ask questions at each microphone at any given time. The Chair did a reasonable job of giving everyone a chance to speak. Perhaps the emotion that was demonstrated has a lot to do with the maturity of the mining industry; I am only assuming that is the case. They had a certain expectation that was built up before the state election and it is fair to say that expectation needs to be met. In one negative from my perspective, it is unfortunate that there was a process prior to the meeting where people were encouraged to whip the crowd up and regardless of what the issue is there are ways of complaining and
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voicing your concerns and it wasn't out of control or anything like that, but if there was a negative, I'd prefer to see those tactics not used when there is the opportunity for open information.

- Chair: What were the **main issues** people were raising? Graeme: That there had been no meaningful study of the area. A lot of the studies had no resemblance to what was happening on the ground. The people from Merriwa and Bylong were denied enough time to get that across and they were fairly enraged about it. That's why we stood outside and had our voice outside, because we were not going to get the opportunity to do that inside. When you look at the maps they are just fraudulent, that's what the farmers were on about, that's what everyone was on about. I don't think anyone is happy with that and there is going to be a lot of trouble about that. To suggest that Merriwa is not prime agricultural area is just nonsense and it dropped land value. George Souris the local member was booed and being the local member he should have been with the other poo-bas and he didn't and it enraged the people more. It's done no one any good. I was talking to Hartcher asking them to scrap it and start again and he declined to do that.
- Peter: I was at a **drop in** centre and I got worked up with the Department (Industry and Investment) lady and I went and saw her and she revealed some interesting areas and she showed me areas of the plan that she thought were fraudulent herself. In my submission, the data that made up the strategic land was based on the Murphy report and soil con work from the 70's and based on erosion. Those old standards say any sloped area is unviable, which is not true. Another flaw is any land that is more than 150m from a waterway is not strategic, again this is just not true in modern farming where you can have pipes delivering the water. When they drew the map up there were little green blotches of less than 20 hectares, but it could have been 80 hectares that could be strategic that were just wiped off. The developer and the developers should have to prove that it is not strategic land even if it is outside the buffer land.
- Steve: Is Santos going to put a **submission** in for that and will you share it? Sam: We haven't yet, but we will and we are happy to share it. Don: The Oxley aquifer was not mentioned in it. The Department records are years behind the times. Graeme: And they should be up to date. Peter: The DPI person also said, within government departments they can't access data from each other, which should change. Chair: So to be clear submissions are due on the 3rd. May
- Graeme: Did mining and gas have access to the **Ministers** on Friday? Sam: Not that I am aware of, unless it was the industry group APPEA talking to them? I think the thoroughbred industry

Santos to provide SCC-UH with copy of its submission

are meeting with them, we have, the NSW Farmers are, many are, but I'm not aware of any meeting with them in Singleton on Friday. Graeme: Some people were angry that it was felt some of the coal and gas people had access to the Ministers before the meeting that day.

- Pilliga Update – Sam tabled an update of activities in the Pilliga (see appendix 6).
 - Chair: I've been informed that **Peter Miller has resigned** from the Committee. I would like to thank Pete for his support of the Committee in general.

 - Next meeting: **Tuesday, May 22** and Steve Barry from the government will be coming to present.

 - **Meeting closed: 8:30pm.**
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Attachment 1. Issues prioritised by the Committee Members and progress made

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

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

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

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

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

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

LICENCE RENEWAL PEL 456

PROPOSED WORKS

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

On February 1, Macquarie Energy Pty Ltd, which is the holder of petroleum exploration licence 456, lodged an Application for the renewal of the exploration licence with the New South Wales Department of Industry and Investment.

The work program submitted is the minimum works proposed in PEL 456. The government assesses the proposal in terms of if the works meet their expectations of exploration of the licence. If the licence holder does not fulfil the minimum works within the specified timeframes the government can withdraw the licence.

The Application for the renewal of the exploration licence is currently awaiting government approval.

Santos has received enquiries from the community about the proposed works in the licence application and we are pleased to share that information as follows from the Application for the renewal of the exploration licence, p 10-11:

Proposed Work Program

As part of progressing PEL 456 to a Petroleum Appraisal Licence, the Titleholder and CSG Operator are proposing a work program (see Table 2) which carries over commitments of Year 4 of the previous term into Year 1 of the renewed permit term. It is requested that the past licence work commitments be dropped and a new work program be considered over a six year period to allow time for the Titleholder and CSG Operator to implement a thorough appraisal program across PEL 456. This program will determine the commerciality of the Black Jack Group within the methane fairway as defined from the previous work program. The Titleholder and CSG Operator propose the following six year Work Program:

Table 2: PEL 456 Proposed Work Program commencing 5 March 2012

Permit Year	Work Program	Indicative Expenditure
Year 1	Conduct Walkaway VSP	\$250,000
	Drill one wellbore	\$1,200,000
	GGE&P	\$500,000
Year 2	Drill one wellbore	\$1,200,000
	GGE&P	\$500,000
Year 3-6	To be proposed at end of Year 2	TBD

Additional work

Additional work to the minimum work program can be proposed to government, throughout the term of the licence.

COMMUNITY CONSULTATION BY SANTOS IN PEL 456

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

The new community consultation condition introduced by the New South Wales government for all licence renewals is welcomed by Santos.

Santos has a dedicated Land and Community Team in New South Wales, who live locally in the communities where we operate and strive to improve communications with the community.

Prior to the introduction of the new condition, Santos was already exceeding the minimum requirements and we will continue to improve our communication benchmarks.

Santos Community Committee – Upper Hunter

In PEL 456 we proactively formed the Santos Community Committee – Upper Hunter. It is independently chaired and the agenda is set by the members. The Committee is increasingly the main forum for communication with the community. Often community committees are formed at the direction of the Minister to address community concerns. Santos was proactive in establishing a local committee and the initiative is being replicated across other PEL's Santos also operates in.

Advertorials

To help educate the community about coal seam gas exploration and production, Santos has committed to running half page advertorials in the Scone Advocate every fortnight. The topics are designed to provide more information on topics of most interest to the community such as protecting community aquifers and core hole drilling.

Media interviews

Santos prioritises interview access to local media where we operate. We have a policy to respond to media enquiries quickly and ensure local media have direct access to people on the ground to interview. We want to be transparent and accountable to the community and recognise the important role the local media plays in reporting on our operations to the community.

Site tours

Seeing coal seam gas operations in action is invaluable for people wanting to know more about CSG and helps them develop a better understanding of the impact CSG development may have in their area. In PEL 456 we have taken interested community groups to view our operations in Gunnedah, which is more developed than our operations in the Upper Hunter. We also hosted the Upper Hunter Shire Council in Queensland to show them all facets of our operations in a developed gas field. They also had the chance to talk to people in these communities and hear the range of views on the gas industry. We will continue to invite people to visit our operations.

Local government

While local councils are not the approval authority for coal seam gas exploration, we recognise the importance of local government in representing the views and interests of the local community. We have participated in forums initiated by the Upper Hunter Shire Council, provide briefings to the Council at each stage of development and have incorporated their participation on the SCC-UH.

Local industry

We want to prove to the community that Santos is a good neighbour and will work collaboratively with all local industry and business, not to the detriment of any other industry. In the Upper Hunter Shire area we recognise the importance of the thoroughbred breeding industry. We have ensured we have open dialogue with the industry and have visited local studs to view their operations and gain a better understanding of their concerns. We will continue to do this with all industry in the Upper Hunter Shire area.

Some of the community relations activities undertaken in PEL 456:

DATE	ACTIVITY	DETAILS
29-Jul-09	Community information session	Held in Scone over two days
22-Mar-11	Local media interview	Scone Advocate - Sam Crafter interviewed
14-Apr-11	Community Update	Update to Bunnan residents and invite to info session
18-Apr-11	Presentation to local government	Presentation - UHSC at Merriwa
21-Apr-11	Local media interview	Scone Advocate - Sam Crafter interviewed
28-Apr-11	Community information session	Regarding Bunnan exploration, held in Bunnan
29-Apr-11	Local media interview	ABC Radio - Upper Hunter - Sam Crafter
2-May-11	Community update	To Bunnan residents and invite to 2nd info session
24-May-11	Local government briefing	Briefing to UHSC's Director of Environmental Services
24-May-11	Community information session	Regarding Bunnan exploration, held in Bunnan
25-May-11	Local media interview	ABC Radio - Upper Hunter - Sam Crafter interviewed
3-May-11	Local media interview	Scone Advocate - Sam Crafter interviewed
22-Jun-11	Local media enquiry	Hunter Valley News - Matt Doman interviewed
23-Jun-11	Local media letter to the editor	From Santos - Scone Advocate from Sam Crafter
23-Jun-11	Local media interview	ABC Radio Upper Hunter interview - Sam Crafter
7-Jul-11	Educational advertorial	Scone Advocate - understanding aquifers
18-Jul-11	Local media interview	Scone Advocate - Sam Crafter inv re: ESG takeover

2011 continued

19-Jul-11	Local government - site tour	Upper Hunter Shire Council site tour in Gunnedah
21-Jul-11	Educational advertorial	Conventional and unconventional gas
25-Jul-11	Local government briefing	Briefing to UHSC's Director of Environmental Services
25-Jul-11	Local industry briefing	Briefing to Wayne Bedgood, HTBA
4-Aug-11	Educational advertorial	Exploration why here?
14-Aug-11	Local government - site tour	UHSC site tour in Queensland gas fields
15-Aug-11	Local government - site tour	UHSC site tour in Queensland gas fields
15-Aug-11	Educational advertorial	Scone Advocate - seismic exploration
22-Aug-11	Local media interview	Scone Advocate - inv with Sam Crafter
5-Sep-11	Local media interview	Scone Advocate - Sam Crafter re: UHSC forum
5-Sep-11	Local media interview	Hunter Valley News - Sam Crafter re: UHSC forum
5-Sep-11	Local government community forum	UHSC community forum on coal and coal seam gas
6-Sep-11	Local government community forum	UHSC community forum on coal and coal seam gas
26-Sep-11	Local media interview	Scone Advocate - Sam Crafter re: UHSC forum
30-Sep-11	Santos NSW newsletter	Regular newsletter to New South Wales
10-Oct-11	Local media interview	Scone Advocate - Sam Crafter interviewed
22-Nov-11	Local media release	Advocate, Power FM and ABC Radio - UH re: SCC-UH
28-Nov-11	Local media interview	Scone Advocate - Sam Crafter re: SCC-UH
29-Nov-11	SCC-UH	Inaugural meeting of the SCC-UH

2012

24-Jan-12	SCC-UH	January meeting
16-Feb-12	Educational advertorial	Understanding aquifers
28-Feb-12	SCC-UH	February meeting
1-Mar-12	Educational advertorial	Conventional or unconventional - it's all natural
8-Mar-12	Educational advertorial	Local water studies and water bore testing
12-Mar-12	Water forum	Joint water forum with AGL, recommended by Council
14-Mar-12	Local industry tour	Tour of Upper Hunter Thoroughbred studs, HTBA
22-Mar-12	Educational advertorial	Seismic exploration
27-Mar-12	SCC-UH	March meeting
5-Apr-12	Educational advertorial	Conventional or unconventional - it's all natural
12-Apr-12	Upper Hunter - Community Update	Activities update to Upper Hunter residents.
19-Apr-12	Educational advertorial	Understanding aquifers

BREACHES WHICH CAN LEAD TO LOSS OF LICENCE

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

Santos takes exploration licence terms in NSW seriously and there are many activities which can lead to companies having their exploration licence revoked or the terms of their licence constrained.

Some breaches which can lead to loss of licence include:

- > Entering land without a signed Access Agreement
- > Activities being conducted without an approved Review of Environmental Factor
- > Relevant cultural & European heritage clearances
- > Review and approval to enter onto native title land on any land within permit
- > Approval to undertake activities on an “exempted area” (i.e. travelling stock route)
- > Reporting by due date in accordance with Petroleum (Onshore) Act reporting obligations
- > Ensuring an application for renewal of the permit is lodged before the renewal date
- > Lodgement of a security in the required sum with the Regulator
- > Compliance with the approved work program commitment for the license area
- > Payment of any royalty due on production from the permit
- > Ensure land is not used for other than the permitted purpose
- > Lodge with the Regulator a Safety Management Plan and comply with all of its conditions including in compliance with the Rural Fires Act
- > Appropriate removal of waste to a licensed waste facility
- > Activities must not cause pollution
- > Not using access roads during inclement weather so as to cause damage
- > Cause no damage to electricity or communication infrastructure
- > Not to prevent movement of stock across the land
- > Provide Notice of Intention to Drill which includes down-hole drilling program
- > Agreed Rehabilitation of the lease area in accordance with Landholder issues and Environmental Management Plan
- > Reporting within 24 hours all complaints from stakeholders
- > Notification to Aboriginal Land Council for the area

ADDITIONAL AGREEMENT TERMS WITH LANDHOLDERS

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

Santos has more than 300 agreements in place with Australian landholders, with no referrals to the land and environment court. Santos prides itself on working collaboratively with landowners and behaves with respect as guests on private properties.

- > During activities Santos tries to make practical concessions which benefit landholders and are above the legislative requirements.
- > For example in petroleum exploration licence 456 (PEL 456) we have included extra landholder requests to contracts including:
 - > Upgrading a landowners access road to be an all-weather road;
 - > Installing an extra ramp to enter the property, which was separate to the one used by Santos;
 - > Building a second access track to allow the landholder to more easily check water bore and tank, which was separate to the one used by Santos;
 - > Modifying a drilling plan and sourcing a sumplex drilling rig to accommodate the preference of the landowner;
 - > Building a new front fence to provide extra safety for stock during and after the operations, and
 - > Modifying road access to ensure more practical use for the landholder after the activity.

UPDATE ON PILLIGA

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

- > The rehabilitation plan for the ponds on site has been verbally approved by the NSW government and we will receive written confirmation to commence work soon.
- > The project schedule for rehabilitation has been approved by the Department and is now being implemented.
- > We have commenced work to plug and abandon the wells on site. Wet weather has slowed us down in the process, but we are still on track for completing the plug and abandonment by May 31. An independent ecologist audits the rehabilitation work at the end of each week.
- > Since receive the approval for the part 3A modification of our pipeline, we conducted a risk assessment to ensure that the works could be completed safely. Work has now commenced on the transfer of water and rehabilitation of the ponds.
- > The emergency response plan has been updated and has been lodged with the regulator. Training with staff is being scheduled.
- > Santos is developing an operations procedure for all NSW activities in compliance with Santos' environmental health safety management system (EHSMS), which will include the Pilliga.
- > Chemical waste which was stored on-site has been removed and sent to a licenced facility in Newcastle.