

November 14, 2012

MEETING MINUTES

Were

Minutes: Santos Community Committee – Narrabri Shire
Wednesday, November 14, 2012
Narrabri Shire Council Chambers, Narrabri

Attendance:

David Ross (Chair), Sam Crafter (Santos Manager Community and Government Relations, NSW), Neale House (Team leader Environment and approvals Santos), Tony Pickard, Michael Guest, Cr John Tough (Council Representative), Gerrit Nehrkorn, Ron Campey, Ian Duffy, Jon Maria Baker, Lisa Montgomery, Cate McMahon (Santos), Terry Hinch, Peter Mitchley, (Santos General Manager Energy NSW)

Apologies:

Judy Simmonds, Ken Flower, Victoria Hamilton, and Brendan Warnock.

	Discussion	Action/By Whom
1. Welcome and introductions	<p>The chair opened the meeting at: 5.35pm</p> <ul style="list-style-type: none"> - Chair welcomed committee. - Chair reminded committee of the ground rules and posted an outline up on the wall, so that it is clear about what is appropriate behaviour. 	
2. Previous Meeting Minutes	<p>Committee Member would like to make a correction to the last minutes that it is “sulphate reducing bacteria”, it is not “sulphate producing bacteria”.</p> <p>Santos representative also noted two typos in minutes.</p> <p>The committee accepted the minutes with the above changes.</p>	
3. Overview of Santos’ Rehabilitation program Neale House	<ul style="list-style-type: none"> - Chair introduced Neale House from Santos to present an update on the rehabilitation progress in the Pilliga Forrest. - <i>(See appendix 1 for full presentation)</i> - Santos began with overview of the forest operations and the background of ESG exploration activities and issues. Then presented on the rehabilitation process that Santos has began to undertake, including upgrades of various sites. Information on compliance issues and dieback areas and explained work that has 	

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so far been carried out to make site improvements. Updated the committee on future plans for a new water storage and treatment facility and the development of the property Leewood.

Questions:

- Chair: with regards to the rehabilitation program how do you involve those relevant parts of Government? Are they monitoring the consultation. Santos responds, Yes they are, how we do that is they are developed and gathered by the science data using our consultants, we put rehabilitation plans and strategies together. We run those ideas and plans past the regulators and State Forest, if it's in the Pilliga and then we take their feedback and incorporate that into the rehabilitation program.

- Committee Member asks is the pile of contaminated soil located behind the big dams at Williga Park, still there? Santos asks committee member why they think it's contaminated? Committee member responds that they have had a soil test completed. Santos confirms that pile has been removed earlier this year. Committee member flew over it and photographed it from an aircraft in April. The soil has been tested and it is contaminated with Sulphate reducing bacteria and also bacteria that causes blue green algae. Santos responds: the committee member is welcome to point out the contaminated site on the tour tomorrow.

- Committee Member: regarding the spill at Biblewindi ponds, it was stated that Santos didn't notice it before January 2012 event though it occurred June 2011. Why wasn't this reported as soon as Santos took over from ESG? And why are the people that were working for ESG at the time the spill occurred still working for Santos? Santos responds: we were aware that there was an incident at Biblewindi when we took over the site, we didn't understand until we went through the incident management records that ESG had identified, that there was a spill and they had filled out their internet Management System (IMS) we

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didn't know if they had reported that to the regulator. A second committee member states that they feel that it is an important point being raised about the culture of the organisation. That we are assured that Santos staff will record incidents as they happen. There are lots of influences that reflect on the company culture. Santos: We take that on board and if you look at the content that was recorded in our February report, it took guts for a corporation to do that. Committee Member states that it should not only be ESG responsibility, Santos was a shareholder in ESG and therefore hold some of the responsibility. The committee member acknowledges the report was a bold move, but believes the company ought to be responsible for their practices. We want to know if Santos has moved forward and how that culture has changed? Chair interjects and asks about the members of staff from ESG that have been retained what sort of inductions or procedures have they gone through to ensure this doesn't happen again. Santos responds explaining that there has been a lot of work done at the ground level with inductions and also a process to try to attain details by working with the team that were there for the spill. The systems were put in place for reporting. Santos want to remain transparent and demonstrate to the community and media that we want to be open about any issues that occur. We have a lot of systems in place around safety and environmental management. Committee member confirms that if there is a spill now, will the regulator be notified no matter how small. Santos responds yes, minor spills are reported.

Action: Santos to provide committee with analysis including water quality and bacteria tested. Before next meeting.

- Committee member questions: Why did Santos call the spill water at Biblewindi, 'Eucalyptus water' before even seeing it? Santos responds because the assessment from independent scientists confirmed that was what it was. The committee member reminds Santos and Chair that the committee would also like the analysis of the ponds at the Biblewindi treatment facility that was discussed in previous meetings.
- Committee Member: regarding planning of the new site Leewood, many

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applications and analysis don't take into consideration problems like if there was a 10 inch rainfall over night, how would the water be managed on this site and have you assessed where the water will go. Many mine site dam spills occur due to high capacity and there is no where for the water to go, then they apply for emergency permits, which I consider unacceptable to apply to let Brine water seep out because they were unprepared for an incident of rainfall, I want some assurances that high overnight rainfall occurrences has been taken into consideration for future water storage facilities. Santos responds briefly, but explains more detail will be available in the application that can be provided. The dam design goes to a dam safety committee for the NSW Government, they assess the design and operating levels, ensuring that Santos have a conservative and safe free board for those events. Committee member disagrees that past dams have been built with this in mind and says that dam integrity committee doesn't take high rainfall into consideration, or overland water flow. Santos representative says that they are close to submitting some REFs and are happy to speak to the committee and walk them through these. Committee member: wants Santos to take this information into consideration in the planning stages and build the new dam correctly.

- Another committee member would like to know what sort of mat will be put on dam walls because with the compression that has been done on the Bibblewindi ponds the stop-gap measure that is currently using hessian has only hidden the erosion not stopped it. Santos responds that they are using new designs for the new dams to prevent erosion.
- Committee member question: The meeting was told previously that there was not going to be any more evaporation ponds and tanks were going to be used instead. We are now being explained that there will be more ponds and bigger dams built, what has changed? Santos: it is not feasible to hold the water in tanks as we would have hundreds of tanks scattered over the countryside, these ponds that were discussed in the presentation at Leewood are not designed to be

Action: Santos to provide committee with maps or proof that show they have taken local knowledge about rainfall into consideration.

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evaporation ponds and there are no evaporation ponds planned in the future, these are holding ponds at the new site, however natural evaporation will obviously occur.

- Question 2 from committee member is in regards to building urban dams walls, the committee is concerned about the dam wall breaking due to unsuitable soil. Santos responds we are happy to do a more extended presentation on the construction of the Leewood ponds, and speak about the soil conditions and soil types that have been taken into consideration.
 - Committee Member addresses another committee member who has prior knowledge about the industry and area, and enquires if they believe we are now in a better position regarding the local coal seam industry now that Santos has taken over than we were 18 months ago with ESG? Committee member answers that Santos is not doing anymore development, they are exposing the issues out there and trying to fix problems but they are still trying to disguise some issues. There are still spills happening. In a sense he believes the Santos culture is still the same as ESG but until they put more wells down it is hard to tell, he comments it will be interesting to see why they are moving out of the state forest and onto private land.
 - Committee member: When you plug and abandon wells do you cement it right to the bottom? Santos replies yes we do.
 - Committee member: Are the people you get to do research and contract to do REFs, required to have any local knowledge. I would like to see local knowledge used, obviously the relevant people need to have the degree behind them, but at least using local information available like veg mapping of the Pilliga, or working with local departments or organisations to share knowledge. Santos: we would like to take that on board and speak with your further about that. A lot of the
- Action: Santos to Speak with Lisa Montgomery further to discuss the possibility of using people with local knowledge. (REF)

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rehabilitation work that has been carried out has strongly supported the local contractors and providers. But would be interested in receiving your suggestions on locals to speak with about research.

- Another committee member comments there are a lot of cowboys among the local contractors, and would like to know how Santos source and sort the good contractors from bad ones. Santos: We have a rigorous process of qualification for any contractors that work with us; we base Santos workers out there with local contractors to make sure they meet the standards.
 - Committee member: why is the old plastic liner still on Biblewindi 21H? I saw that on Sunday. Santos responds that they will check that out, Chair suggests that it could be pointed out and investigated tomorrow on the site tour.
 - Committee Member: has there been much fallout from a corporate level for the sponsoring of cycling? Santos: No, a number of our executives are passionate cyclists and support the sport.
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- Committee Member: raises issue of Santos brochure “Working together in partnership” being unclear and hard to understand. What is not clear is that Santos is going to pay 1.2 times the land rate notice value not the real value of the land? Santos responds by explaining they had to find an even evaluation that would be consistent across the area. They understand that it will not always be reflective of the actual land value, but it is only one portion of the package and that is why they have put together a package that includes an annual fee for service arrangement per property. Committee Member: The brochure doesn’t clearly explain the difference between the values of the land per square metre verses the total footprint. And also there is no mention if something goes wrong with the wells, whose liable. Santos: The brochure is not a contractual document,

Action: For Santos to look into clarifying the document and work with the committee to make it more user friendly.

4. General Business

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it is merely a brief overview of the process, but we are happy to improve it and re-work the document taking feedback and further comment from the committee at a future meeting.

- Committee Member: Asks Santos if the 1.2 times the land rate value is set in stone? Santos: We understand that value on its own, most likely would not be the most attractive offer. What we do is that in terms of the footprint area we are looking at, the theory behind it is we buy that area, plus a premium based on the land from the land holder, we then pay an annual fee based on that as well and then we pay them a service fee on top. This is in relation to the exploration stage, when we get to production stages there is different model. Committee member: so what happens if the council decides to change the area from agriculture to industrial rates due to the shift in production and the rates are increased dramatically. Is that sort of package included and taken into consideration because the council is entitled to do that? Santos: that would be an extreme example but that's not to say that we don't keep speaking with the landholders and have an ongoing relationship with them.

- Committee member: When you operate the water treatment facilities, like the Leewood site where you have other private property neighbours how close to the boundary fence can you start analysing the water for the neighbouring property? Do you do that and at what stage do you start that? Santos: We start early on, we do all sorts of assessments and there is a whole range of processes; we take analysis of neighbours bore waters for all of our activities and in terms of drilling wells we work on a 2km radius, we speak with neighbours and check with them about the construction of ponds. We have an ongoing process to check wells etc.

- Chair introduces the topic of the site trips and outlines the current roster for the trip. Santos goes through logistics and information on when to arrive, what to

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bring and the itinerary.

- Chair informs the committee that Cr Bevan O'Regan has resigned from the committee. – Chair is trying to contact him further to find out why.
- Other Business
Chair invites feedback and comments, allowing the members the opportunity to provide feedback to Peter Mitchley, (Santos General Manager Energy NSW).
Feedback:
 - Committee member: Believes that in the last three meetings Santos has bent the truth in their presentations and requests to be told the truth.
Other second committee member refers to the code of conduct for the meeting and believes that it depends on what you think the truth is. Other committee members comment that the meetings have been very helpful in informing them of what is going on. And has found Santos to be helpful and very happy with the information provided and are grateful that the committee has been set up.
 - Committee member asks for honesty and being upfront. And would like to know if there is a Government regulator that is involved with the operations of the industry. Santos responds that there are regulators and the industry is in the process of paying for further regulators to start in the local area.
 - Committee member comments that there is a lack of trust in the community who are worried about water supply contamination and believes that more information to the community needs to be provided surrounding this issue.
 - Peter: Thanks Committee for their time and feedback and important viewpoints. Responds to issues that were previously raised at tonight's meeting about ESG staff that remains with Santos and explains that there are no ESG executives that remain employed by Santos in this region. In regards to other employees as a

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company Santos did not want to take over from ESG and immediately begin firing staff, Santos wanted to act responsibly and treat people with respect. Santos have a new company and a new culture. How they operate facilities and pond levels have been at the forefront of the companies mind, they have comprehensive real time systems. All staff are encouraged to report incidents and those reports are monitored and followed up timely. To make sure all staff act responsibly. We understand that there is still a great deal of mistrust and suspicion towards our industry and Santos are trying hard to fix that and working to get the business to be sustainable and work with local communities. We have an issue with energy enterprise building local business and local knowledge. This is a long-term project and we cannot operate if we are in opposition to the local people. A lot of your concerns are helpful and we encourage and appreciate your continued input.

- Committee Member: Santos would of known the company that they were purchasing before they took over, there would have been extensive investigation into ESG before they spent millions on a take over, so they were aware of what they were buying. From personal experience I know that ESG staff were assured twice on separate occasions that their jobs would be transferred to the new company and be safe. Also at public meetings Santos offered assurances that no one from the existing workforce would lose their job. And the first thing that Santos did when they took over was get rid of a number of long-term employees which left a bad feeling through the community.
Santos responds: We did have difficulties in transitions due to duplicating roles.
 - Reminder from Santos that they are holding a community info day Friday 23rd at 11 am to 7pm all welcome to attend.
 - Next Meeting 11th December 2012
- Action: on Santos to find out for Peter who the most senior executive at these meetings were
- Action: Santos to provide a hard copy concise update of the current REFs, and provide link to where the REFs can be found online.

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- Topics for next meeting:
 - Agreements discussion on partnerships brochure
 - Dam construction about Leewood ponds presentation.

Meeting Closed: 7.38pm

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Attachment 1. Actions

Action Raised	Date Raised	Progress Made
Chair to obtain list of the committee members questions that could not be answered by Santos representative and get Santos to respond to them.	11 th September	In Progress
Santos to organise a driller to present at future meeting	11 th September	In progress
Organise an expert to respond to questions about Sulpha Bacteria, organise independent ex CSIRO Hydro geochemist to present at future meeting.	9 th October	Ongoing – Glenn Toogood
Obtain analysis of the water in the three Biblewindi ponds.	9 th October	Ongoing
Santos to provide response to questions on Namoi Water Study	9 th October	Ongoing – Glenn Toogood
Santos to provide committee with analysis including water quality and bacteria tested. Before next meeting.	14 th November	On going
Santos to provide maps or proof that show they have taken local knowledge about rainfall into consideration regarding dam construction.	14 th November	On going
Santos to speak with Lisa Montgomery further to discuss the possibility of using people with local knowledge for research and REFs	14 th November	On going
Santos to look into clarifying the working together in partnership brochure	14 th November	On going
Santos to find out for Peter who the most senior executive at community meetings when ESG staff retention was discussed before Santos take over.	14 th November	On going
Santos to provide a hard copy concise update of the current REFs, and provide link to where the REFs can be found online.	14 th November	On going

Appendix 1: Presentation

- Update of Rehabilitation Process.