Queensland CSG Legislation

Coal & Gas Industry
Interaction & Cooperation

Bill Koppe, Development Manager, Anglo Coal
Scope

Legislation before Parliament – due to be proclaimed December

*Petroleum and Gas (Production and Safety) Bill 2004*

*Petroleum and Other Legislation Amendment Bill 2004*

Regulations being drafted following industry consultation

New Act 1,063 pages – excluding the regulations

Today’s scope limited to some of the tasks and challenges
CSG Policy History

Before 2001: separate resource development

- Policy restricted petroleum access to mineable coal deposits
- Regime based on separate mining and petroleum development
- ML applicants could generally obtain gas rights on request
- Common exclusion from ATPs of gas from shallow coal

Since 2001: joint resource access

- Policy altered to open petroleum access to mineable coal deposits
- Driven by 13% gas policy and Greenhouse mitigation objectives
- Regime based on co-development – reliance on co-operative agreements
- New legislation to operate from 2005
- Legislation includes provisions unrelated to original policy objectives
New Tasks & Challenges

Will briefly cover:

• Pre-production investment exposure

• Obligation to develop production rights

• Utilisation, flaring & Greenhouse credits

• Impacts on future mining

• Interaction between adjacent leases

• Agreements
Pre-production investment exposure

• Overlapping exploration tenure – almost everywhere

• First production lease application triggers preference process

• Contested applications decided by Minister on defined criteria

• Granted production lease veto on alternative production lease

➤ Exposure for exploration & feasibility expenditure

• Can either rely on the preference process when triggered

or

• Negotiate a prior co-development agreement
Obligation to develop production rights

Use it or (maybe) lose it

- Active resource management policy for all commodities
- Development Plans required for all production leases
- Gas development plans within 6 months of proclamation
  - Includes MLs with CSG as a mineral
- Coal development plans within 18 months
Utilisation, flaring & Greenhouse credits

Greenhouse-driven policy provisions:

1. Utilise mine methane if commercially viable
   - Royalty concession to encourage on-site utilisation

2. Flare if not commercially viable

3. Venting permitted only if flaring unsafe
   - No current guidance on what is unsafe
   - No exemption if safe flaring is achievable but costly

4. Exemption for Greenhouse mitigation projects
   - Inserted specifically to preserve access to Greenhouse credits
Impacts on future mining

Aim to prevent adverse impact of CSG development on mining

• Scope for pre-development agreement on protective measures

• Regulations being drafted to provide standardised protection

  ➢ Guidance from QRC/ACSGC/APPEA/CFMEU working group

  ➢ Draft subject to comment when completed – September?

  ➢ Focus on hazardous objects in seams and on fraccing

    • no steel casing in horizontal laterals

    • duty of care and best endeavours for lost drill strings

    • re-entry access to vertical holes to mill out steel casing

    • fraccing practice subject to results of ACARP study

    • coal royalty rebate proposal to offset remediation costs
Impacts on adjacent mining

Dewatering & degassing across lease boundaries requires consent

• Initial focus was on commercial loss of gas rights

• Permitted only with consent or coordination agreement

• Recognition of potential CSG impacts on adjacent mining
  ➢ duty of care to avoid adverse lateral impacts
  ➢ dewatering and gas release within underground mines
  ➢ increased fugitive methane via mine ventilation air
  ➢ mining effects uncertain - power to halt adjacent drainage if necessary
  ➢ need for monitoring?

• Mine degassing across lease boundaries also requires consent
Agreements

Stakeholder agreements central to the new regime

- Co-development agreements - long-term risk management
- Coordination agreements - specific tenure overlap provisions
- Cross-border agreements - lateral impacts
- Cooperation agreements - other mutual benefits

Agreements might cover:

- principles, processes, planning, consents, compensation, disputes etc

Associated plans to cover:

- extent and nature of both developer’s activities over time

Talk to your neighbours soon - agreements take time