



Thursday, 4 April 2013

Agriculture, Resources and Environment Committee
Parliament House
George Street
BRISBANE QLD 4000
Email: arec@parliament.qld.gov.au
Attention: Rhia Campillo, Executive Assistant, Agriculture, Resources and Environment Committee

Dear Sir/Madam,

Re: Land, Water and Other Legislation Amendment Bill 2013 (the Bill)

Please find the Bridgeport Energy submission to the Queensland Government's proposed legislative amendments to the *Petroleum Act 1923*, *Petroleum and Gas (Production and Safety) Act 2004* and the *Water Act 2000*.

Bridgeport Energy Limited (Bridgeport, the Company) is an operator of oil production and petroleum exploration programs in southwest Queensland, with other onshore exploration permits in the Otway Basin of south western Victoria.

Bridgeport was incorporated in June 2009 for the purpose of acquiring and developing oil and gas assets in Australasia. In late 2012, New Hope Corporation (NHC) acquired the Company, which is now a wholly-owned subsidiary of NHC. Even though a relatively small participant in the industry, Bridgeport's key strengths are its comprehensive skill sets that allows it to operate in all aspects of an oil and gas company; from seismic acquisition, through drilling, field development and petroleum production. The Company has acquired 2D and 3D seismic, drilled numerous exploration and development wells, operated and maintained its production facilities and increased production four fold. Bridgeport now operates two producing fields and owns a workover rig that allows cost effective remediation of producing wells. Our focus to date is on conventional reservoir plays within the Eromanga and Cooper basins. The Company also has ambitions of expanding its asset portfolio in Queensland. Bridgeport and its subsidiaries are committed to the economic and resource development of the Cooper-Eromanga Basin in Queensland.

Bridgeport welcomes the recently announced proposed changes to certain legislation governing the use and management of produced water from onshore petroleum fields. In particular we have outlined specific comments on the proposed changes in Table 1-1.

Table 1-1 Bridgeport comments on proposed amendments

Act and Reference	Amendment particulars	Bridgeport Comments
	Conversion of petroleum wells	Bridgeport welcomes this Amendment and supports it for the benefit of the petroleum Industry.
Petroleum Act 1923 Amendment Clause 154 Amendment of s 75L	<p><i>Petroleum and Gas (Production and Safety) Act 2004</i> and the <i>Petroleum Act 1923</i> prescribe that:</p> <ul style="list-style-type: none"> only water supply bores and water observation bores may be transferred to a landholder during the term of the petroleum tenure; and For a petroleum well to be transferred to a landholder, the petroleum well must first be converted to a water supply bore or water observation bore. <p>The proposed amendments will address the safety of petroleum wells being converted to water bores on a landowner's property, avoiding any associated safety or health problems. In particular the amendments will address the following issues:</p> <ul style="list-style-type: none"> who may convert a petroleum well to a water supply bore or water observation bore the difficulties in obtaining water bore driller sign off for the conversion of a petroleum well to a water supply bore when a petroleum well becomes a water supply bore safety and environmental matters that arise when dealing with the above mentioned issues. The amendments will streamline the process for the conversion of petroleum wells to water bores. 	<p>Under the current legislation the petroleum well cannot be directly transferred from a petroleum tenure holder to a landholder on whose land the petroleum well was drilled.</p> <p>Currently, petroleum wells cannot be converted to water bores and transferred directly to <i>landholders until the end of the petroleum tenure</i>. The amendments will allow petroleum wells to be converted to water supply and transferred to landowners throughout the duration of the tenure. The Queensland Government is also proposing to develop a new code of practice, Bridgeport look forward to being able to provide input into this code.</p> <p>Bridgeport agrees that the proposed changes allow landholders to access new water supplies without incurring the costs of drilling a separate water bore. All Bridgeport abandoned wells are sealed and constructed according to best practice requirements. The practical benefits from the proposed amendments to all our operations in the Eromanga basin include the ability to:</p> <ul style="list-style-type: none"> begin converting wells to water bores and transferring them to landholders progressively throughout the project; using the converted wells to assist in monitoring ground water quality, and potentially offset landholder compensation. Bridgeport would like to see the Queensland government go further and include amendments which would enable the proponent to

Act and Reference	Amendment particulars	Bridgeport Comments
		convert exploration wells to water wells if the landholders so desire.
	Pipelines carrying produced water	Bridgeport welcomes this Amendment and believes that petroleum drilling produced water pipes should be only regulated by the <i>Petroleum and Gas (Production and Safety) Act 2004</i> .
<i>Petroleum and Gas (Production and Safety) Act 2004.</i> Sec. 670 ad s.675 Clause 171	<p>The Bill clarifies proponents' obligations by setting out which CSG pipelines are regulated under which Act. Under the Mines Legislation (Streamlining) Amendment Act 2012, pipelines carrying CSG water (often laid in the same trench as gas pipelines) are regulated by the Work Health and Safety Act 2011, while gas pipelines are regulated by the Petroleum and Gas (Production and Safety) Act 2004.</p> <p>The Bill clarifies that:</p> <ul style="list-style-type: none"> • pipelines carrying produced water free of petroleum will be regulated under the <i>Work Health and Safety Act 2011</i>; and • pipelines containing produced water containing petroleum will be regulated under the <i>Petroleum and Gas (Production and Safety) Act 2004</i>. 	<p>Bridgeport would propose that the Queensland Government should also specifically mention and include petroleum produced water pipelines in the amendments. The amendments still aim at CSG producers who have a high likelihood that produced water is carrying gas. Bridgeport produced water pipes carrying some residue of petroleum from the well and drilling operations do not contain any gas. As such they shouldn't be regulated under <i>the WHS Act 2011</i>.</p> <p>In this proposed differentiation, Bridgeport believes that the need for us to comply with both statutes is an unnecessary regulatory burden.</p> <p>The amendments do not address all the issues that proponents have in relation to water regulation. For example, Bridgeport will be subject to obligations under both Acts where, at different stages of processing and production, water is (or is not) completely separated from petroleum. While the changes clarify proponents' obligations in this respect, they do not adequately reduce the regulatory burden in all instances.</p>
	No water licence required for produced water	Bridgeport welcomes this Amendment and supports it for the benefit of the petroleum Industry.
<i>Water Act 2000</i> Sec.107A	<p>At present, landholders' access to produced water is restricted to water produced from tenures that overlap their land.</p> <p>Petroleum tenure holders currently require a water licence</p>	Bridgeport agrees that water licences impose an unnecessary additional regulatory burden on Petroleum Lease operators. Environmental authorities should be the best means of controlling impacts associated with water course interference or water quality management of resource activities.

Act and Reference	Amendment particulars	Bridgeport Comments
	<p>to supply produced water to any other user.</p> <p>Proponents and landowners have raised this as an unnecessary regulatory burden.</p> <p>The changes introduced by the Bill will mean tenure holders are free to supply produced water to users (regardless of whether their property overlaps the tenure) without the need for a water licence.</p>	<p>Produced water management in petroleum operations include extensive costs in the handling and management of produced water. Costs include bringing the water to the surface and transporting the large amounts of water to evaporation ponds.</p> <p>As petroleum wells age, more water and less oil is produced. Consequently proponents have and increasing problems with produced water management trough the life of the tenement lease. Bridgeport is committed to water quality testing and maintenance of ponds and ensuring that final water quality creates a product of sufficient quality to alleviate dependencies on local fresh water sources for many applications.</p>
		Bridgeport supports increased ability of proponents to re-use produced water
		<p><u>Irrigation</u></p> <p>In most States, irrigation represents the majority of fresh water use. Water used for irrigation not only requires large water volumes, but also has stringent water quality criteria. Specifically for produced water, parameters such as the sodium adsorption ratio are important criteria for ensuring that the water quality is sufficient to not damage crops. Bridgeport are confident that we can meet the irrigation criteria to enable Landholders on our tenements to utilise produced water.</p>
		<p><u>Stream Flow Augmentation</u></p> <p>The ability to discharge produced water into streams provides more benefits than just the use of a surface water body as a conduit. Stream flow augmentation is the addition of waters to surface bodies to supplement low flows, thereby sustaining the surface body ecosystem. In Central Queensland streams are often dry therefore produced water may be used to sustain</p>

Act and Reference	Amendment particulars	Bridgeport Comments
		stream flow levels during low flow periods.
		<p><u>Dust Suppression</u></p> <p>Most of Bridgeport produced water is generated in arid regions that are dust-prone. Produced water can be used for dust suppression on unpaved lease roads in oil producing fields.</p> <p>Typically, the spray of produced water for dust suppression is well controlled so that the water is not applied beyond the road boundaries or within buffer zones around stream crossings and near buildings.</p>

In conclusion, Bridgeport supports the amendments to the *Water Act 2000*, amendments to the *Petroleum and Gas (Production and Safety) Act 2004* and, where practicable, the *Petroleum Act 1923*.

Should you have any queries concerning our submission please don't hesitate to contact Ms Iveta Mylchreest EHS Compliance and Risk Advisor on 02 8907 7900 or 0409 066 643.

Bridgeport Energy does not wish to appear as witnesses at the public hearings scheduled for 23rd of April 2013.

Regards



Chris Way
Chief Operating Officer

Cc: T. Strasser, B. Smith, P. Southwell.