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The Research Director
Agriculture, Resources and Environment Committee
Parliament House
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By email: AREC@parliament.qld.gov.au

QGC Pty Limited submissions on the Mineral and Energy Resources (Common Provisions) Bill 2014

QGC Pty Limited (**QGC**) is a leading Australian natural gas explorer and producer focused on supplying gas to domestic and international markets. QGC supplies gas to the Eastern Australian gas market and is developing the Queensland Curtis LNG Project, a \$20 billion investment that involves taking natural gas from coal seams in Central Queensland, to Gladstone where it will be liquefied for export.

QGC has reviewed the *Mineral and Energy Resources (Common Provisions) Bill 2014* ("**MERCP Bill**") and appreciates the opportunity to make this submission to the Agriculture, Resources and Environment Committee.

As an active participant in the dual-industry Working Group that prepared the White Paper, QGC is strongly supportive of the principles articulated in the Queensland Resources Council Report, *Maximising Utilisation of Queensland's Coal and Coal Seam Gas Resources – A New Approach to Overlapping Tenure in Queensland* (May 2012) (the "**White Paper**") and welcomes Government's commitment to enacting legislation to adopt the White Paper framework.

QGC has contributed to and supports the submission made by APPEA in relation to the Bill. APPEA's submission highlights a number of areas where the Bill either deviates from, or omits key elements of, the White Paper framework. All elements of the White Paper framework should be reflected in the legislation – the framework was expressly presented as a "package" in the White Paper, with each element being central to the dual-industry consensus reached through the White Paper process.

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In addition to the issues raised by APPEA, QGC provides the following additional comments regarding the MERCPC Bill:

Land Access – Chapter 3

1. Expanded jurisdiction for Land Court
2. General liability to compensate
3. Recording agreements on title
4. No entry during minimum negotiation period

Overlapping Tenures – Chapter 4

5. Modification of particular provisions of Common Provisions Act for Surat Basin area

1. Expanded jurisdiction for Land Court

Subdivision 3 of the MERCPC Bill relates to powers for the Land Court to consider whether access to land is reasonable. It is QGC's view that this section of the Bill should be amended to clarify that the Land Court has powers to decide only whether or not the *conditions of access* are reasonable, not that the Land Court is able to prohibit access to a property by a resource authority holder.

In addition, the MERCPC Bill expands the jurisdiction of the Land Court to enable consideration of matters of conduct in relation to the negotiation of a conduct and compensation agreement. QGC is of the view that this is unnecessary as the Land Court already has very broad powers to impose conditions within a conduct and compensation agreement under the *Petroleum & Gas Act 2004*.

It is QGC's view that the proposed amendments will cause unnecessary delay in proceedings between landholders and resource authority holders. The amendments will necessitate a time consuming process for the production of legal materials necessary in disputes of 'fact' (eg affidavits). This is in no party's best interests.

2. General Liability to Compensate

Clause 80 of the MERCPC Bill relates to the resource authority holder's general compensation liability. However the drafting of this provision needs to clearly articulate the costs which are intended to be captured.

QGC is broadly supportive of meeting a landholder's reasonable and necessary travel expenses but does not support a requirement to pay for owners' time to negotiate conduct and compensation agreements, other than where the loss of the landholder's time has resulted in additional expenditures (eg. the costs of labour hire).

3. Recording agreements on title

Under Section 90 and Section 207 of the MERCPC Bill, resource authority holders who are party to a conduct and compensation agreement or opt-out agreement must register that interest on title within 28 days of entry into the relevant agreement, and

then have that interest removed from title within 28 days after the relevant agreement ends. Further, the transitional provisions provide that 'continuing agreements' (being past conduct and compensation agreements in force immediately before commencement) must comply with the registration requirements within 6 months of commencement.

This requirement would impose significant cost and administrative burden on resource authority holders. Such a requirement should be optional and at the landholder's request, not a mandatory requirement.

Further, it is unreasonable that the transitional provisions would require resource authority holders to retrospectively register every conduct and compensation agreement on title within six months of commencement.

It is QGC's view that the transitional provisions should allow for existing conduct and compensation agreements to remain unregistered.

4. No entry during minimum negotiation period

Clause 84 of the MERC Bill would prevent a resource company from entering land to carry out advanced activities until the minimum negotiated period expires, even if the parties enter into an agreement before the end of the period.

It is QGC's view that this is an unnecessary and unreasonable proposal, particularly because of its potential to override agreements reached between parties, and that this provision should be removed.

5. Modification of particular provisions of Common Provisions Act for Surat Basin area (Chapter 7, Part 4, Division 5)

The White Paper at section 4.1 on transitional arrangements for Grandfathered Production Tenure Applications described that the Working Group could not reach consensus on the application of new principles to existing production tenement applications and retention tenements.

Essentially two views were proposed with coal's preference being the new regime to apply from 31 December 2012 and CSG's preference being that existing petroleum lease applications should remain under the existing regime for a defined transition period of 4 years commencing from 31 December 2012. That is, the existing P&G Act to apply for the term of any new petroleum lease granted before 31 December 2016.

DNRM has chosen to find middle ground between the above viewpoints adopting an arrangement similar to the approach for exceptional circumstances for high performing CSG wells and fields. Special transitional arrangements for a defined area of the Surat Basin take into account the importance of the Basin to the State's CSG-to-liquefied natural gas industry, and will provide certainty of future access for the coal industry.

It should be noted that the three CSG-LNG project proponents, including QGC, made final investment decisions for their respective projects based in part on the

legislative regime that existed in 2010/11. Whilst the transitional arrangements defined in the Bill are not QGC's preferred position, we believe that the arrangements proposed under the Bill are workable.

We would be happy to discuss any questions or comments the Committee may have in relation to this submission. For further information please contact Nick Park, Manager Government & Public Affairs on [REDACTED] or [REDACTED]

Yours sincerely



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