JINDAL STEEL & POWER (AUSTRALIA) PTY LTD

ABN 12 144 630 179

Agriculture, Resources and Environment Committee
Parliament House,
Brisbane, Qld, 4000

3rd July 2014

To whom it may concern,

Please accept my submissions with regard to the Mineral and Energy Resources (Common Provisions) Bill 2014 made on behalf of Jindal Steel and Power (Australia) Pty Ltd a subsidiary of the Indian based conglomerate company OP Jindal Group.

Background

Jindal (Australia) was granted EPC-2024 "Coxon Creek" in 31st May 2011. The EPC is located to the north-east of Roma comprising 119 sub-blocks and is entirely contained within ground that has overlapping petroleum tenure with the company [redacted] specifically PL-309 and PL-310.

To date Jindal has expended over $63,000 in renewal of leases and Environmental Authorities but has not been able to gain access to the tenement to conduct any of its own coal exploration activity in lieu of the controls that [redacted] have in place.

While [redacted] has allowed the release of some of their own exploration data free of charge, which has enabled us to continue some "desk top level studies", they ([redacted]) are now requesting a payment for information that far exceeds its commercial value and far exceeds the cost with which we could obtain the information ourselves if allowed to conduct our own on site exploration.

We are now in a position of having to continue paying annual government levees but are neither able to get access to conduct our own exploration or get information from the PL Holder to further our study. It was hoped that the enactment of the Common Provisions Bill might provide an opportunity for relieving this situation but having read the document closely and subject to interpretation I'm not sure that it will. We make the following submissions with regard to the Bill.

Our Submissions

1. s145 Authorised Activities Allowed Only If No Adverse Effects

In theory this section is the one that gives us the most hope in so far is it should allow us to gain entry to the tenement so long as our activities have no "Adverse Effects" on the PL Holder. But what is the definition of "no adverse effects". It is such a subjective statement that as it stands no matter how much we believe that we will have no "adverse effects" we will have no recourse if the PL Holder believes there will be.

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As it stands the proposed law has no teeth and will be used by the PL Holder to brush aside any overlapping tenure holder by simply claiming that there could or will be adverse effects. For example the PL Holder can simply say that there is a chance that the overlapping tenure holder may damage "the good relations" which have been established with land owners. This is absolutely correct, it is a possibility, and it would be an adverse effect, but how can we prove that we wouldn't do this?

This section needs more definition to detail how "no adverse effects" is to be interpreted and ruled upon.

2. s147 Resource Authority Holders Must Exchange Information

Again this section provides encouragement that overlapping tenure holders will be required by law to share information. Unfortunately however the list of nine different criteria of information ((a) – (i)) fails to include the most important information that either party would be most interested in, that is the results of exploration that has been completed to date.

It is matter of interpretation as to whether exploration data comes under the fold of the first part of the section which states "The resource authority holders for an overlapping area must give each other all information **reasonably necessary to allow them to optimize the development** and use of the coal and coal seam gas resources".

To remove all doubt, if this is the intent, the sharing of exploration data should be included as additional criteria (j) under the second part of the section.

The section is also vague as to whether there should be any costs paid for the information exchange. In the absence of any definition one can only presume that information is to be passed on free of charges. This is probably unreasonable especially if the information transfer is only happening in one direction. While I do not believe there should be a charge passed on for the cost of gathering raw data e.g. exploration data, I think it is reasonable to expect some compensation for the time it takes the personnel of the company that has the data to gather it and pass it on to the company that is requesting it, i.e. a nominal labour compensation charge.

The issue of payment for data should be clarified with guidelines within the section. If the intent is for information exchange to be completely free of charge it should say so.

3. s221 Exploration Permit (Coal) Granted Over Existing PL

I found this section very difficult to read but in the end I interpreted it to mean that there will be no retrospectively with regard the enactment of the Bill to existing engagements that exist between EPC and PL Holders. In other words all the positives that may have been provided for in the Bill, with regard provisions for gaining access to explore and to share information, will not be enforceable in the specific case of our Roma EPC.

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If this is the case it will make a complete mockery of the entire Bill as the vast majority of conflicts that will ever exist between coal and coal seam gas producers exist right now not in the future. It will be a Bill that by its own wording debunks its own application, so why even bother with it?

The enactment of the Common Provisions Bill needs to be made retrospective of all existing engagements between Coal and Petroleum Tenure Holders.

4. s232 Extension of Period Until Mining Commencement Date

The Cart blanch provision of a nominal 16 year period in which proponents looking to develop coal assets in the Surat Basin will have to wait (after the issue of an ML) before any physical commencement of operation is allowed, is a ridiculous impost to make. How can such a generic number be implied across the entire industry which will effectively stifle mining development of the Surat.

Every situation and overlapping tenure should be examined on a case by case basis. In many circumstances the coal seams that the coal proponents are interested in will be above the horizon that gas producers need. There is no reason why the two can't in many circumstance happily co-exist side by side without having to wait 16 years. In 16 years' time from now, will it still be relevant to expect a mining company (new on the seen) to wait another 16 years because of this law?

Coal mining proponents in the Surat have no interest in disrupting the current or future activities of coal seam gas producers. All we are interested in is gaining fair access to explore and then work in with the development plans of existing gas producers whether this require a wait period of 16 years or 30 years or only a couple of years. It is ridiculously rigid and unworkable to nominate a set period.

The problems with overlapping tenure that prompted the creation of the Common Provisions Bill is really a problem specific to the Surat Basin. The inclusion of Division-5 which sets the Surat apart from the rest of the State with provisions that are quite unfair to coal producers, makes as previously stated a mockery of the Bill as it will basically achieve nothing where it is most needed!

There should be no separate provisions within the Bill for the Surat Basin. There should be provisions that give surety to coal seam gas producers where they are "first on the seen" and require mining companies to work in with their plans of on a case by case basis so that mine development wait periods are minimised.

5. Additional Provision for Compensation

In circumstances of overlapping tenure where coal companies are either denied access to explore, or denied access to information to allow continuance of study, or a prevented from physically starting mining operations e.g. by an arbitrary 16 year wait period; then in these circumstance there should be a provision that allows for

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the coal company to be compensated financially for the annual cost of renewal of exploration and or mining licenses and Environmental Authorities.

There should be a new provision that exempts EPC or ML holders from the payment of annual license fees and renewal of Environmental Authorities while they are prohibited by legislation from undertaking the activities under which the licenses and authorities were issued.

I hope my comments are given due consideration.

Yours Sincerely,

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