

# Santos

## GLNG Project

8 August 2012

Agriculture, Resources and Environment Committee  
Parliament House  
Alice Street  
BRISBANE QLD 4000

Dear Committee Members

**RE: Santos GLNG submission on *Mines Legislation (Streamlining) Amendment Bill 2012***

Thank you for the opportunity to provide comment on the *Mining Legislation (Streamlining) Amendment Bill 2012*. Santos GLNG welcomes proposals to streamline regulation of the petroleum and gas industry and facilitate the economic benefits that are flowing to Queensland from the development of the coal seam gas (CSG) to liquefied natural gas (LNG) industry.

By way of background, the Santos GLNG Project is an US\$18.5 billion joint venture to convert CSG from fields in the Surat and Bowen Basins into LNG for export through Gladstone Harbour. Already the project has awarded more than \$3 billion worth of contracts to Australian companies and is employing 2 300 workers across regional Queensland.

While Santos GLNG welcomes the intent behind this Bill, we have some concerns that we hope could be addressed to ensure the Bill delivers its intent of streamlining approvals and providing regulatory certainty to the CSG to LNG industry.

Santos GLNG also supports the submission from the Queensland Resources Council and commends it to the Committee.

### **Lodgement of infrastructure reports**

The Bill introduces new sections 552A and 552B to require petroleum lease holders to lodge annual infrastructure reports. Santos GLNG understands the requirement for this information, but notes that petroleum lease holders already provide Government with extensive information about activities on tenure.

For example, annual reports on activities are submitted under our Environmental Authorities issued under the *Environmental Protection Act 1994*, and there is extensive information about existing and planned infrastructure in our operational plans, which are also submitted to the Department of Environment and Heritage Protection.

In implementing this new requirement, it will be important for the Government to seek opportunities for streamlining rather than duplication of reporting requirements.

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GLNG is a Santos PETRONAS Total KOGAS project.



### Production commencement day

The Bill introduces new sections 175AA and 175AB regarding applications to amend the production commencement day of a petroleum lease in certain limited circumstances. Santos GLNG supports the comments provided by other CSG to LNG companies, but would like to additionally comment as follows:

- Proponents should not be precluded from applying to change the production commencement date of a lease if they do not already have a relevant arrangement in place. Section 175AA should be amended to insert a new sub-clause as an alternate to Section 175AA(a). The new sub-clause should provide that if a relevant arrangement is not already in place in respect of the lease, a proponent can apply to change the production commencement date of a lease provided it simultaneously indicates to the Government that it wishes to apply for a relevant arrangement in respect of that lease. This would also negate the requirement for section 175AA(b).
- Proposed section 175AA(c) should be amended to allow applications to be made up to three months before the existing production commencement date. We submit that the period of 12 months is unusually prescriptive and does not provide industry with the flexibility that may be required in unusual circumstances.

### Compensation for resumption

The Bill introduces a new section 30AD which provides that no compensation is payable to the holder of a permit the subject of a resumption (in respect of the value of petroleum known or supposed to be in or produced from the land). While Santos GLNG acknowledges that there may be some limited circumstances where resource extinguishment is a necessary consequence of a resumption activity, Santos GLNG submits that as consideration to the tenure holder for the lost opportunity to develop the resource, the requirement to compulsorily relinquish sub-blocks pursuant to section 65 of the 2004 Act should be reduced by the same area of the land the subject of the resource extinguishment.

### Applications over acquired land

Santos GLNG notes that there are no provisions providing priority to the holder of the original authority in respect of applications over the area of "acquired land" (as contemplated by section 30AC). The absence of a right of priority for the existing authority holder represents a deficiency in the legislation that should be addressed. GLNG considers that the existing authority holder should either:

- have the sole right to apply for tenure over the excluded area; or
- the first right to apply to this excluded area for a specified period of time;

Alternatively applications that would materially interfere with the activities of the existing authority holder should not be granted."

### Proposed section 399A

Santos GLNG supports the introduction of the section to provide protection when the owner's permission has been obtained, however has some concerns with the requirement to register an easement within nine months of the notice of completion of the construction of the pipeline. Santos GLNG considers 12 months is a more realistic timeframe for the easement areas to be surveyed and to obtain executed documents from the considerable number of landowners which the pipeline crosses.

Under section 420, a proponent has a maximum of six months after completion of the construction of the pipeline to lodge a notice of completion. The current drafting of section 399A encourages parties to delay lodging the notice of completion if the necessary documents for the registration of the easement are not prepared and disadvantages those who lodge their notice of completion promptly.

Santos GLNG therefore submits that a party should be required to register an easement within 12 months after the pipeline licence holder gives notice of completion of the pipeline under section 420 to ensure that there is sufficient time to register the easement. In addition, it considers that the application of section 399A should be extended to those proponents who have already obtained the written consent of the majority of relevant land owners. Therefore, it requests that the exclusion in the new section 961 be removed.

### Proposed section 437A – Creation of easement by registration

Santos GLNG generally supports the introduction of proposed section 437A and welcomes the introduction of legislative provisions to remove the need to seek a public utility easement designation for a petroleum pipeline. However, Santos GLNG considers a minor amendment to proposed section 437A(2)(b)(i) is necessary as shown below.

"(i) the *Land Act 1994*, other than sections 366(2) and (3), and 369(2); and"

Sections 366(2) and (3) of the *Land Act 1994* relate to the payment by the public utility provider to the landowner of the costs of keeping the part of the land affected by the easement in an appropriate condition for the enjoyment of its rights. Unlike many public utility easements, petroleum pipeline easements are not granted as of right under legislation and are therefore usually the subject of significant negotiations. Landowners will not generally enter into easements for petroleum pipelines unless the easements contain detailed provisions dealing with the landowners' continued rights and the proponent's obligations to maintain the relevant areas.

Unless sections 366(2) and (3) are exempted, there could be inconsistencies between the easement terms and the Land Act requirements. The omission of sections 366(2) and (3) from the provision also raises concerns about the safety issues which may arise if the landowner undertakes works over the easement area for a pipeline. For this reason, the provision should be excluded.

# Santos

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Thank you again for the opportunity to comment on the Bill. We hope the Committee will give thorough consideration to the issues raised in this submission. If you would like any further information, please contact Brad Burke, General Manager, External Affairs on (07) 3838 5747 or [brad.burke@glng.com](mailto:brad.burke@glng.com).

Yours sincerely,

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