



ConocoPhillips Australia Pty Ltd
ABN 86 092 288 376

Level 1, 33 Park Road
Milton, QLD, 4064
PO Box 1243
Milton, Qld, 4064
Phone 61 (0) 7 3182 7302

9 March 2018

ABUE-ABUE-ECGO-L-00001

Committee Secretary
Economics and Governance Committee
Parliament House
George Street
Brisbane QLD 4000

Email: egc@parliament.qld.gov.au

Dear Sir/Madam,

Mineral and Energy Resources (Financial Provisioning) Bill 2018

Thank you for the opportunity to provide a submission to the Economics and Governance Committee of the Queensland Parliament which is considering the details of a bill for a financial provisioning scheme aimed at addressing the environmental impact of resources activities.

ConocoPhillips is vitally interested in this bill because of its potential to increase our operating costs at a critical time for Australia's gas industry.

ConocoPhillips is a 37.5 per cent shareholder and downstream operator of Australia Pacific LNG (APLNG), a world-class project that converts coal seam gas (CSG) to liquefied natural gas (LNG) in Queensland. We have a long-term commitment to Queensland and during the past 13 years have invested more than AUD \$18 billion, and plan to invest many billions more in the years ahead.

Headquartered in Houston, Texas, ConocoPhillips is the world's largest independent exploration and production company, based on proved reserves and production of liquid and natural gas. We currently operate in 17 countries, and in each of those countries we abide by our obligations, including those relating to rehabilitation.

In Australia, APLNG is the biggest supplier of gas to the east coast domestic market and in 2018 the company will provide around 30 per cent of total supply. APLNG has long-term contracts for gas supply to Australian electricity power generators, local industries and businesses out to 2030 and beyond. It also has two long-term LNG sale agreements with customers in China and Japan.

APLNG recently announced it would spend around AUD\$3 billion in planned activities in the 12 months to 30 December 2018 to ensure it meets its long-term commitments to the Australian domestic market as well as its LNG export commitments. The company will undertake a wide range of development activities in the gas fields, as well as operations and maintenance activities for gas processing infrastructure, pipelines and its LNG facility on Curtis Island in Gladstone.

ConocoPhillips supports the need for a system that enables the Queensland Government to manage the State's financial risk if a resource company does not meet its environmental management and rehabilitation obligations. However, Queensland's gas industry continues to demonstrate a good record of undertaking progressive rehabilitation and leading environmental management.



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ConocoPhillips strongly supports the principles outlined in the written submissions to the Economic and Governance Committee provided by APPEA, representing Australia's oil and gas industry, and the Queensland Resources Industry (QRC) representing Queensland minerals and energy sector. ConocoPhillips is an active member of these peak organisations.

Specifically, ConocoPhillips supports APLNG's position, as outlined in its written submission to the Committee that:

1. the supporting work, at least in draft form for consultation purposes, such as, regulations, guidelines and revised Estimated Rehabilitation Cost (ERC) calculators, should have been completed before the introduction of the Financial Provisioning Bill to allow industry to fully assess the impacts on business
2. an amendment should be made to clarify that the Government will not hold both a pre-existing surety, and any amount paid into the Fund simultaneously, and will return such pre-existing financial assurances as soon as is practicable
3. the Scheme Manager must consider the Resource Project Characteristics Assessment (RPCA) for all applicable holders
4. the Committee reconsiders all penalties in relation to the Scheme, given the potential financial and market impacts on a company of releasing its financially sensitive and commercial-in-confidence information required for the risk categorisation system
5. the Committee recommends the Advisory Committee is expanded in the legislation to specifically require the representation of two resources sector representatives, one for mining and one for petroleum and gas.

Because of these issues and others raised by our peak representative organisations, ConocoPhillips does not support the Bill in its current form and is disappointed that our industry's advocacy to be excluded from the Financial Provisioning Fund has been unsuccessful.

Increasing regulatory costs will act as a deterrent for new industry investment at a time when additional gas supply is urgently required.

ConocoPhillips thanks the Committee for this opportunity to provide our perspectives on the proposed financial provisioning scheme. Please contact me should you require further information.

Yours sincerely

A handwritten signature in blue ink that reads 'Wendy King'.

Wendy King
President
ConocoPhillips Australia East