

Strong and Sustainable Resource Communities Bill 2016

Response to submissions made to the Infrastructure, Planning and Natural Resources Parliamentary Committee

1. Summary of issues raised about underground coal gasification (UCG)

1.1. Submissions referencing the prohibition on UCG in Queensland

Submission reference
15

- Dr Cliff Mallett does not support the ban on UCG in Queensland, raising a number of concerns about this decision.

1.2. DNRM response

- The UCG trials were conducted on a limited scale in order to demonstrate the viability of the UCG process and whether it could operate within Queensland's strict environmental guidelines.
- The State made it very clear to the proponents from the outset that these were strictly trial projects, and their outcomes would determine whether they could advance to a commercial scale of operation. The government's intention was always to consider whether this technology was appropriate for Queensland after the completion of this trial process.
- While the Queensland Government's Independent Scientific Panel (ISP) Report on UCG Pilot Trials remained open to the possibility that the UCG concept is feasible, it also found that sufficient scientific and technical information was not yet available to reach a final conclusion.
- The panel believed that neither company (Linc Energy and Carbon Energy) had completed a burn of sufficient duration to create a final cavity of the dimensions that are expected under a commercial process and that until this is done it is difficult to come to a final conclusion regarding the technology. Given this situation, the panel believed it would be pre-emptive to consider commercial scale operations. However, it did express the view that "the gasifiers currently operating should be permitted to continue until a cavity of significant dimensions is available for full and comprehensive demonstration."¹
- In relation to the trial projects, the Department of Environment and Heritage Protection (DEHP) is currently prosecuting Linc Energy for wilfully and unlawfully causing serious environmental harm. This case is the most expensive ever handled by the State's environmental regulator, with the Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef describing it as the "biggest single pollution event in Queensland's history."²
- In 2011, DEHP shut down Cougar Energy after benzene and toluene was detected in nearby water bores. Cougar Energy could not demonstrate to the environmental

¹From Independent Scientific Panel Report on Underground Coal Gasification Pilot Trials available at https://www.dnrm.qld.gov.au/_data/assets/pdf_file/0006/990555/isp-underground-coalgas-pilot-trials.pdf accessed 15 February 2017.

² From <http://www.abc.net.au/news/2016-09-26/linc-energy-gives-queensland-government-millions-ucg/7878428> accessed on 14 February 2017.

regulator and the Queensland Government's Independent Scientific Panel that it could recommence its operations without an unacceptable risk of causing environmental harm.

- Whilst Carbon Energy received correspondence dated 19 July 2016 from the Queensland Chief Scientist that indicated it had completed the requirements of the Independent Scientific Panel process, it is noted that the project operated on a limited trial scale and significant uncertainty exists about the impacts that may manifest in moving to a commercial scale operation.
- The issues associated with two of these three trial projects to date, and the uncertainty about commercial scale operations highlighted by the Independent Scientific Panel, led the Queensland Government to the decision that the potential risks of allowing UCG projects to grow to commercial scale were not acceptable.
- In accordance with this policy position, the proposed amendments to the *Mineral Resources Act 1989* will prohibit mineral (f) activities (including UCG and *in situ* oil shale gasification) in Queensland.