

QUESTION ON NOTICE

No. 107

asked on Tuesday, 8 March 2011

MRS PRATT ASKED THE MINISTER FOR ENVIRONMENT AND RESOURCE MANAGEMENT (MS JONES)—

QUESTION:

With reference to underground coal gasification (UCG) and Cougar Energy — (1) What is the estimated cost to clean up (a) a UCG site, (b) the surrounding properties and (c) the underground water affected by UCG activities and have sufficient funds been withheld from Cougar Energy to cover the cleanup and restoration process? (2) Where in the world has a UCG site cleanup and restoration been done successfully?

ANSWER:

I thank the member for her question and note her ongoing interest in ensuring the UCG plant at Kingaroy is decommissioned safely and responsibly. The State Government absolutely shares her interest.

The Queensland Government holds financial assurance of approximately \$600,000 for the Cougar Energy site near Kingaroy. These funds can be accessed in the event that the company fails to rehabilitate the site.

Despite the Government holding this financial assurance, Cougar Energy have a responsibility to rehabilitate the Kingaroy site and the Government will only access the financial assurance as a last resort. Failure by Cougar Energy to rehabilitate the site would damage their corporate image and may impact their ability to operate elsewhere in the world. The Government therefore expects Cougar Energy will thoroughly rehabilitate the Kingaroy site without the government having to step in.

- 1(a) Clean up costs for Underground Coal Gasification (UCG) operations will vary between sites due to the location, the area of disturbance and the nature of the UCG operation. For example some UCG operations are constructed for power generation while others include gas-to-liquid plants which may have a greater footprint of disturbance.

I am advised, the financial assurance held for the Cougar Energy operation is considered adequate to meet rehabilitation costs for the Kingaroy site.

- 1(b) The Department of Environment and Resource Management and Cougar Energy have been independently collecting groundwater samples from several bores on neighbouring properties. From this sampling, I am advised there is no evidence that any properties surrounding the site require clean up as a result of the UCG activities.

- 1(c) I am advised, the primary cost component for site rehabilitation is for the pumping, treatment and disposal of groundwater affected by UCG activities. The financial assurance held is considered to be sufficient to undertake any necessary groundwater clean up.
- (2) Modern day UCG technology is being trialled in many other parts of the world, including the United States of America, Europe, and South Africa. The Government understands none of these projects have yet moved into the decommissioning and rehabilitation phase. This is one of the reasons the industry has been limited to three small scale trial projects, in order to demonstrate that this technology can be successfully operated, decommissioned and rehabilitated. The Government appointed Independent Scientific Panel in 2008 provided advice through all phases of UCG operation including decommissioning and rehabilitation. The Government is confident that with advice from the Independent Scientific Panel and its experience in regulation of traditional coal industries that it can ensure the Cougar Energy Kingaroy site is rehabilitated to an acceptable standard.