

Asset Community Consultative Committee Meeting
15th October 2010
Macquarie Room, Newcastle City Hall

Uninvited pre-meeting address to an incomplete committee by the Convener of Transition Newcastle, describing serious concerns regarding the proposed exploration drilling.

Present: Margaret MacDonald-Hill – Independent Chair
David Breeze – Advent Energy Ltd
Toby Foster – Advent Energy Ltd
Simone Meakin – Senior Environmental officer, Minerals & Energy, Dept Industry & Investment
Steve Barry – Manager Environment, Dept Industry & Investment
Paul McMurray – Newcastle City Councillor
Greg Piper – Mayor of Lake Macquarie Council
Malcolm Poole – President of Recreational Fishing Industry Association
Brett Bollinger – Commercial Fisherman’s Cooperative
Marc Eisenhauer – Commercial Fisherman’s Cooperative
Avril Lockton – Central Coast Community Environment Network
Nicole Dixon – Wyong Council
Judy Parkinson – Boat Harbour Recreation Group
Warren Parkinson – Boat Harbour Recreation Group
Sally Whitelaw – Port Stephens Council

Apologies: Jason Nunn – Recreational Fishermen
John Harrison – Professional Fishermen’s Association
Murray Hams – Commercial Fisherman’s Cooperative
Mark McCallum – APPEA
Shayne Wilde – NSW Maritime

Absent: Sue Whyte – Catherine Hill Bay Progress Association

Previous minutes confirmed. Marc Eisenhauer
Seconded: Simone Meakin

Business Arising:

Margaret MacDonald-Hill

Correspondence from Avril Lockton to Margaret MacDonald-Hill and the Minister’s office regarding Ms Lockton’s perception of the Chairperson’s non-impartiality/independence, inadequate community representation.

Described the foundation of Mining Related Councils, its mandate so local governments aren't disadvantaged and the nature of the committees that Margaret has chaired or been involved in.

Avril Lockton

Who pays you?

Margaret MacDonald-Hill

Paid by Industry & Investment NSW

Avril suggested that currently only 2 community representations on the CCC and scope to add others such as World Wildlife Fund; Margaret advised currently 6 local community representative groups.

Port Stephens Council was invited by Chair to be on CCC; Judy Parkinson contacted the council to outline concerns by the Boat Harbour Recreation Group and subsequently spoke to Chair, who invited her to attend this meeting.

This CCC is a reconvened committee and we are aware that Asset has conducted broad consultation including the Nature Conservation Council of NSW and others.

Toby Foster

Asset Energy has only provided its Environment Plan to I&I NSW, and it is currently going through the approval process. Asset's broad consultations to date have not been exclusive nor discriminatory with regards to the stakeholder groups that have been identified. Joint Venture partner Bounty Oil & Gas commenced a very broad consultation process in approximately 2004/5 prior to Asset Energy farming in to the PEP11 project. Asset's consultations to date have included those stakeholders identified in Bounty's initial work and that were still interested in being kept informed about the project, and numerous additional stakeholders that have been identified since recommencing the consultation process in approximately September 2009. A number of the original stakeholders identified by Bounty were either not in existence any more or now had no interest in the project.

Avril Lockton

No proposal has been available in the public domain up until the recent EPBC Act Referral as distributed via email to the CCC members in the last fortnight. Agreed this was done in a timely manner.

Steve Barry

I&I NSW has provided the Environment Plan only as far as the Offshore Petroleum and Greenhouse Gas Storage Act allows – I&I is not allowed to distribute the Environment Plan to the general public. I&I has provided the Environment Plan for community/stakeholder feedback beyond what it would normally provide.

Greg Piper

Agree that consultation could be improved.

Avril Lockton

Suggest the Nature Conservation Council be invited to join the CCC.

Steve Barry

This CCC was just set up at the State Minister's discretion. Community consultative committees of this nature (for offshore exploration) are unusual in that they are highly uncommon in other states.

David Breeze

The project has had considerable exposure. Firstly went through public consultation (Bounty) in 2004/5, the EPBC Act was available for comment around 2004 (Bounty), recommenced public consultation in 2009, EPBC Referral available for public comment now, there has been a large volume of various media forms

making communities aware of the project including state-wide free-to-air primetime news coverage, I have made myself available for a considerable number of radio interviews with local (Newcastle) and state radio stations and other media. The EPBC Act Referral publically available is a good summary of the nature of the environmental assessment as it relates to matters of national environmental significance.

Steve Barry

The Environment Plan has been circulated to numerous government agencies as well as local councils. There is a public summary of the Environment Plan on the I&I website which relates to the pre-drilling site survey component of the Environment Plan. The Environment Plan covered both the drilling and site survey activities. Appreciate that this is somewhat confusing though is as an unintended consequence of the nature / history of the company's submissions to I&I NSW. The summary of this Environment Plan as it relates to the drilling of New Seaclem-1 will not be available for public review until after the Environment Plan is approved.

Greg Piper

Not sure if the Nature Conservation Council would be an eminently suitable CCC member. Lake Macquarie Council also has the Environment Plan and Oil Spill Contingency Plan however I am constrained under the Act not to release them.

Toby Foster

The minutes and presentations from the previous CCC meeting (17th August) are available on the Advent Energy website.

Provided a quick overview of the previous meeting for the members of the CCC who weren't present at the previous meeting.

The EPBC Act Referral is publically available and provides a very good description of our activities and how they may impact on matters of national environmental significance.

Greg Piper

So the drilling of this well is a requirement under Federal legislation?

Steve Barry

This shouldn't be considered a local issue, in that there is a strategic interest for the Commonwealth government for offshore oil and gas exploration to continue, such as energy security, trade and economic development.

Toby Foster

We still require approval of all relevant environmental plans, drilling programs etc. We must demonstrate that the proposed activity is sound in all aspects. Drilling the exploration well ensures the exploration title remains in good standing.

Warren Parkinson

Claimed there is a volcano out where you are drilling. Tremors are observed frequently in the area.

David Breeze

Cited repeated state and federal government reports which covered the area and demonstrated no volcanic activity in recent geological history.

(Simone Meakin I&I NSW subsequently provided information from NSW's geological survey describing the nature of the geology in the area, and the difference between volcanic rocks and active volcanoes. There are no active volcanoes in Australia.)

Avril Lockton

Noted that she wanted the CCC meeting postponed until the Environment Plan was released.

Malcolm Poole

What is the nature of the sea floor at your proposed drilling location. There is an important recreational fishing ground "Papa 6" nearby.

Toby Foster

Showed bathymetric image obtained from the pre-drilling site survey that demonstrated a flat and featureless seabed covering an area of 3 km x 3 km and showed a maximum fall of 3 metres over the entire area. Also a Geoscience Australia video was shown that provided a reference to the Newcastle/Hunter canyon system that would act as a fish aggregating feature. New Seaclem-1 is approximately 15 km from the nearest canyon feature.

Malcolm Poole

Potential collision with recreational or commercial shipping?

Toby Foster

This has been addressed in consultation with Australian Maritime Safety Authority (AMSA). A number of electronic radar/ship identification systems will be installed, increased personnel for visual monitoring, shipping notifications and a mandatory (under present legislation) exclusion zone of 500 metres will be in place.

Malcolm Poole

So fishermen could be fishing around the anchors as these are possibly over a kilometre from the rig?

Toby Foster

We will communicate with AMSA to confirm the nature of the exclusion zone.

David Breeze

There appeared to be widespread dissemination of information discussed at the CCC meeting of 17th August prior to any minutes being presented.

We wish to go through the issues of misinformation as highlighted by numerous media articles.

Asset Energy's gas project could be a significant national environmental project that could reduce Australia's greenhouse gas emissions.

This slide demonstrates that a combined cycle gas turbine (CCGT) produces approximately 0.4 tonnes of carbon dioxide per megawatt hour of electricity produced compared to 0.9 for black coal and 1.2 for brown coal. Should all existing coal fired power generation in Australia be converted to CCGT then this would result in a reduction of around 130 million tonnes per year of greenhouse gases.

The Australian Petroleum Production and Exploration Association (APPEA) describe Australian prospectivity for gas is among the world's highest. It is expected that a major shift in new power generation from coal to gas over the next 12-20 years will occur.

From The Weekend Australian July 24-25 2010, the Prime Minister has vowed to ban (future builds of) coal-fired power stations unless CO₂ reduction/storage technology was capable of being fitted

The Age newspaper (Thurs 23 Sept 2010) described the Greens party's desire to close coal fired power stations.

PetroleumNews.Net reported on 4 October 2010 that "If the \$10 billion currently committed by the federal government to renewable technology and carbon capture and storage development was committed to building new gas-fired power generation, Australia would immediately reduce carbon emissions by at least 8%."

Naturally occurring leakage of methane occurs at various locations around the world (e.g. California) at significant volumes.

Shown images of underwater seepage off the central coast of NSW

Geoscience Australia performed a survey along the eastern margin of Australia's continental shelf in 2006. Offshore from the central coast of NSW, pockmarks were found that were possibly the largest observed globally. These were described as active, implying continuing release of gas. These pockmarks are also observed adjacent to giant gas fields around the world, including the Gorgon Field in the North West Shelf off Western Australia and the Ormen Lange gas field off Norway.

Natural seepages have been observed and documented throughout the ages. They are used as a tool or guide for exploration for natural accumulations of natural gas.

A natural seep offshore California has been attributed with emission of twice the emission rate from all the on-road vehicle traffic in the county of Santa-Barbara, California. Furthermore, the seepage field surrounding an offshore oil platform was observed to significantly reduce following production from that field, associating a decrease in seepage with production from the same accumulation.

Methane is a relatively potent greenhouse gas, with approximately 25-30 times the greenhouse potency as carbon dioxide.

Asset Energy has estimated the fields offshore NSW may contain 13.2 trillion cubic feet of gas (P50 level), which would imply a similar size to the fields offshore Victoria in the Gippsland Basin.

All accumulations of hydrocarbons around the world are unique and comprise varying types of hydrocarbons. Australia's hydrocarbon fields are typically very gassy in nature – relatively little oil is found compared to the quantity of gas in the reservoirs.

Asset has referred its proposed drilling activity to the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC, formerly DEWHA).

Asset's referral is publically available for comment, and describes the projects potential impacts on matters of national environmental significance. It is an excellent environmental summary.

It has been suggested that Asset's project has been 'fast tracked' for approvals.

This is definitely not the case. Approvals are only being sought for the exploration drilling activity. Separate submissions must be made by Asset prior to any further activity in the Permit, be it further exploration or production. No development plans or scenarios have yet been considered by Asset Energy.

Alternative energy sources:

Wind power demonstrates no overlap between peak energy demand and wind intensity. i.e. the hottest days (greatest air conditioning usage) are typically the least windy days. The capacity for wind power to therefore provide baseload power supply is significantly questionable.

Calculations demonstrate that peak electricity usage in NSW would require approximately 2,419 square kilometres of area dedicated to wind generation. There is significant opposition around the

state and country for the installation of wind farms. The capacity to install them offshore would be considerably hindered considering the spread of national/marine parks along the coast of NSW.

A report prepared by The Australia Institute concluded that electricity from wind costs between \$60 and \$80 per megawatt hour (MWh), compared to \$31-\$40/MWh for coal and \$37-\$44/MWh for natural gas.

The DEEWR (2009) shows that the teenage labour market for the central coast demonstrates over 30% unemployment.

Media statements have suggested that if the LNG industry develops successfully in Australia it could generate \$20 billion in total exports by 2017.

Greg Piper

I agree that natural gas is a transition fuel – renewable energies currently make up a very small proportion of energy supplies. Natural gas is presently the most suitable fuel to use until renewable energy forms are demonstrated to technically meet the challenges of meeting baseload power requirements.

There is a difference between the risks associated with terrestrial exploration and marine exploration for natural gas.

Toby Foster

We are meeting or exceeding world's best practice in the design of our drilling program and are operating under the very recent Offshore Petroleum and Greenhouse Gas Storage Act (2006) and the Offshore Petroleum and Greenhouse Gas (Management of Environment) Regulations (2009). The well has to be drilled under our permit work commitments.

Sally Whitelaw

Availability of the Environment Plan? I would like to put a motion to this Community Consultative Committee to make the Environment Plan available.

(seconded Avril Lockton)

Steve Barry

Under the legislation, I&I NSW is prohibited from allowing or causing an Environment Plan to be distributed to the general public.

Revise the motion to request the relevant Minister to make the Environment Plan available.

(David Breeze, Toby Foster abstained)

Margaret MacDonald-Hill to write to the Minister(s).

Judy Parkinson – Boat Harbour Recreation Club

Addressed the meeting. Her submissions are attached to the minutes.

Avril Lockton

Raised further issue about impact on whales

Brett Bollinger

My experience as a fisherman is whales migrate between ships anchored off Newcastle and the coast. Whales simply swim around the ships.

Avril Lockton

Raised further issue about VSP.

David Breeze undertook to address this issue at the next meeting as the details about the proposed VSP program are being finalised.

Further motion to release the Environment Plan to the Community Consultative Committee.
(David Breeze, Toby Foster, Steve Barry, Simone Meakin abstained).

Next Meeting – 19th November. 10 am

Meeting closed 4:40pm

MY NAME IS JUDY PARKINSON AND I AM SECRETARY OF THE BOAT HARBOUR RECREATION CLUB.

THE CLUB HAS BEEN IN EXISTENCE FOR MORE THAN THIRTY YEARS. I HAVE BEEN ON THE EXECUTIVE COMMITTEE FOR NINE YEARS. DURING THIS TIME THE CLUB BECAME INCORPORATED. WE HAVE ALWAYS ENJOYED A HEALTHY MEMBERSHIP.

ON THE 16TH SEPTEMBER A LETTER TO THE EDITOR APPEARED IN THE LOCAL EXAMINER NEWSPAPER. THE LETTER DEALT WITH THE PROPOSED OFF SHORE DRILLING RIG WHICH WAS ALREADY ON ITS WAY UP THE COAST HEADING TOWARDS PORT STEPHENS. THIS LETTER WAS WRITTEN BY A LADY WHO HAD SOME INSIDE INFORMATION. FOR THE REST OF US, THIS INFORMATION CAME AS A COMPLETE SURPRISE. NO ONE IN THE COMMUNITY....NOT EVEN THE PORT STEPHENS COUNCILLORS KNEW OF THIS VENTURE.

BOAT HARBOUR RECREATION CLUB ARRANGED A PUBLIC MEETING AND THIS WAS HELD ON SUNDAY MORNING 26TH SEPTEMBER. THERE WERE OVER 140 SIGNATURES ON THE ATTENDANCE SHEET. THE PEOPLE ATTENDING EXPRESSED DISTRESS AND ANGER WHEN ADVISED OF THE VENTURE. AFTER CONSIDERABLE DISCUSSION, THREE MOTIONS WERE FORMULATED. THEY WERE PROPOSED AND UNANIMOUSLY PASSED. I WILL READ THEM FOR YOU:

MOTION 1: THIS MEETING VEHEMENTLY OPPOSES DRILLING OFF SHORE INCLUDING THE BOAT HARBOUR PEP 11 AREA.....PROPOSED BOB HAYDEN SECONDED FRANK WARD... A PORT STEPHENS COUNCILLOR.

MOTION 2: TRANSPARENT CONSULTATION BE CONDUCTED IN PUBLIC TO LEGITIMISE THE OFF SHORE DRILLING PROCESS, INCLUDING COMPREHENSIVE BRIEFING OF PORT STEPHENS COUNCIL AND ITS COUNCILLORS TO ENABLE COUNCILLORS TO ASSESS AND EVALUATE WITH THE COMMUNITY THE IMPACTS OF EXPLORATION AND PRODUCTION....PROPOSED BOB YOUNG ..CHAIRMAN OF THE TOMAREE RESIDENTS& RATEPAYERS ASSOCIATION...SECONDED J. WASHINGTON

MOTION 3: THAT BOAT HARBOUR RECREATION CLUB ATTEND A PORT STEPHENS COUNCIL MEETING AND PRESENT THE MOTIONS THAT HAVE BEEN PASSED TODAY BY WAY OF PUBLIC ACCESS....PROPOSED GEOFF DINGLE (A PORT STEPHENS COUNCILLOR) SECONDED R. APPLEBY.

DURING THE DISCUSSION THAT LED UP TO THE MOTIONS, SEVERAL POINTS WERE MADE.

POINT 1: IT WAS NOTED THAT THERE ARE SIGNIFICANT VOLCANIC ROCK FORMATIONS ALONG THE FORESHORES OF BOAT HARBOUR, FISHERMANS BEACH AND BIRUBI POINT. I

DURING THE NINE YEARS WE HAVE LIVED HERE, WE HAVE FELT TREMORS AND OF COURSE EVERYONE SHOULD REMEMBER THE NEWCASTLE EARTHQUAKE SOME YEARS AGO WHICH CAUSED SUCH DAMAGE .

.....AND WE ASK..... HAVE THERE BEEN ANY SEISMIC STUDIES PERFORMED TO RULE OUT THE POSSIBILITY OF ERUPTION BY DISTURBING THE OCEAN FLOOR? AND IF AN INCIDENT WAS TO OCCUR, HOW EQUIPPED TO DEAL WITH IT IS ADVENT ENERGY?

POINT 2: ON LOOKING AT THE MAP PINPOINTING THE PROPOSED POSITIONING OF THE RIG, IT IS NOTED THAT THE MARINE NATIONAL PARK IS IN CLOSE PROXIMITY . OF ALL THE PLACES IN

AUSTRALIA, THIS SHOULD BE THE VERY LAST PLACE TO POSITION A DRILLING RIG. IF THIS RIG IS ALLOWED, THE MARINE LIFE IN THIS SANCTUARY WILL BE AT RISK...NOT TO MENTION THE MARINE LIFE OUTSIDEWHICH BRINGS ME TO THE MIGRATING WHALES. THESE BEAUTIFUL CREATURES ATTRACT TOURISTS FROM ALL OVER THE WORLD. THE BEST VIEWING AREA IN THE WHOLE OF PORT STEPHENS IS BOAT HARBOUR . YET IT IS ONLY 27KS OFF BOAT HARBOUR THAT THIS DRILLING RIG IS TO BE POSITIONED. WITHOUT QUESTION IT WILL BE VISIBLE FROM THE SHORE.

I MUST ASK ...WITH THE ENTIRE NSW COAST TO CHOOSE FROM,.WHY HAS THIS DRILLING BEEN PINPOINTED FOR THIS PARTICULAR AREA? A PRISTINE REGION WITH A MARINE NATIONAL PARK?. FURTHERMORE THE RESERVOIR QUALITY OF THE GAS IN THE SYDNEY BASIN IS HISTORICALLY POOR AND ONE WONDERS WHY SUCH A PROJECT HAS BEEN UNDERTAKEN IN THE FIRST PLACE.

POINT 3: ANOTHER IMPORTANT COMPONENT OF OUR TOURIST INDUSTRY ARE OUR BEAUTIFUL BEACHES AND PRISTINE OCEAN. IT IS KNOWN THAT OFF SHORE DRILLING CAN CAUSE POLLUTION TO THE OCEAN AND THIS IN TURN WILL MEAN THAT OUR BEACHES WILL CEASE TO ENJOY THE FIVE STAR RATING THEY CONSISTENTLY GET. PEOPLE WON'T WANT TO SWIM OR FISH IN A POLLUTED OCEAN. WE WILL NOT ONLY LOSE OUR TOURIST INDUSTRY BUT THE PERMANENT RESIDENTS WILL LOSE THE QUALITY OF LIFE WHICH BROUGHT THEM TO THE AREA IN THE FIRST PLACE. POINT 4: IN OUR INCREASINGLY FRAGILE ENVIRONMENT, ALL EFFORT SHOULD BE MADE TO USE RENEWABLE ENERGY IN PLACE OF FOSSIL FUELS. STUDIES HAVE SHOWN THAT THE NEWCASTLE REGION CAN BE SUPPORTED THROUGH A WIDE RANGE OF LOW EMISSION ENERGY RESOURCES SUCH AS WIND, SOLAR, WAVE AND TIDAL POWER. BY CONTRAST GAS AND OIL EXPLORATION REPRESENT A HIGH RISK, POLLUTING AND ENVIRONMENTALLY THREATENING OPTION..

TO SUM UP.....THE PEOPLE I AM REPRESENTING HERE TODAY INSIST THAT A MORATORIUM BE PLACED ON ANY PROPOSAL TO DRILL OFF SHORE IN PORT STEPHENS.

Thank you

EcoNetwork – Port Stephens Inc

President: Helen Brown Secretary: Darrell Dawson Treasurer: Roger Yeo

PO Box 97 Nelson Bay NSW 2315

Department of Environment, Water, Heritage and the Arts
GPO Box 787
ACT 2601.

12th October 2010.

Re: PEP 11 – Off-shore Gas Exploration – Ref. 2010/5664

In response to calls for public comment, we of EcoNetwork-Port Stephens and its Working Group-Climate Action Tomaree, hereby express our concerns that off-shore oil, gas and gasification exploration can still be permitted in Australia's off-shore waters.

These concerns, following those expressed by the Gosford, Lake Macquarie and Port Stephens Councils, include the following:

1. That fossil-fuel exploration and extraction companies, with government consent, continue to defy the advice of the world's leading climate scientists that carbon dioxide (CO₂) pollution of the atmosphere now at 389ppm, must be reduced to 350ppm to avoid temperature increases beyond 2 degrees Celsius and catastrophic climate events.
2. That the world's oceans are already under extreme stress due to the absorption of carbon dioxide, estimated to be at 25mt per day, and resulting in irreversible acidification and thermal warming with adverse impacts on all marine species and climate stability.
3. The extent of and spread of gas exploration across Australia and in coastal waters for export dollars, demonstrates that yet more exploration and extraction in the sensitive off-shore waters of NSW is un-warranted and unnecessary and will have detrimental affects on the sea-bed, on marine species, fisheries and on migratory whales.
4. The discharge of water 15 to 20 degrees in excess of sea temperatures and the creation of marine deserts within a radius of 1.1km of drilling rigs, represent unacceptable impacts on, alteration and potential destruction of marine environments.
5. Accidental and permanent damage to the natural marine environment will, arising from off-shore drilling and extraction, far outweigh the perceived benefits that may accrue to Advent Energy and MEC shareholders. Evidence as that recently demonstrated by the BP disaster in the Gulf of Mexico, following that of the Timor Sea, clearly show the enormous risk and consequences for coastal waters and the fishing, tourism and recreational activities that depend on their natural state, free of such pollutants.

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6. It is also clear that the proposed new coal mines and gas exploration across Australia and in its off-shore waters is in sheer defiance of consistent scientific evidence and advice that fossil-fuels must be phased out and be urgently replaced by non-polluting renewable technologies.
7. An international consensus now exists that accelerated CO2 pollution and global warming will drive mean global temperatures beyond 2 degrees Celsius with grave and irreversible consequences for the natural world and future generations. Further CO2 pollution from gas use is also totally inconsistent with the science that tells us to avoid such catastrophic consequences.
8. Company assurances, in the light of scientific advice and the known and potential impacts on marine ecology, is unconvincing. The extraction and burning of fossil-fuels is no longer a case of minimising the known impacts, but rather a case of excessive risk and potential catastrophic consequences now being far too great and, despite the lesser levels of carbon dioxide emitted by natural gas.

We strongly urge rejection of this and future applications for oil, gas and gasification exploration and extraction in our fragile and highly valued coastal waters.

Yours sincerely

Helen Brown President.

Darrell Dawson Secretary.

CC- NSW Minister for Resources; NSW Minister for the Environment.

EcoNetwork –Port Stephens Inc. Affiliates

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| * National Parks Association Inc – Hunter Branch | * Soldiers Point / Salamander Bay Tidy Towns Inc |
| * Hunter Koala Preservation Society Inc | * Salamander Recycling Centre Inc |
| * Native Animal Trust Fund Inc | * Pindimar / Bundabah Community Association Inc |
| * Tilligerry Habitat Inc | * Port Stephens Tourism Limited |
| * Whale and Dolphin Watch Australia Inc | * Mambo/Wanda Wetlands Reserve Committee Inc |
| * Port Stephens Bed & Breakfast Association Inc | * Wanderer's Retreat Inc |
| * Johnson's Creek Conservation Committee Inc | * Port Stephens Native Flora Gardens Inc |
| * Port Stephens Park Resident's Association | * Nelson Bay Town Management Committee Inc. |
| * Parks & Playgrounds Movement Inc | * Ocean & Coastal Care Initiatives Inc. |
| * Myall Koala & Environmental Support Group Inc. | * North Arm Cove Resident's Association Inc. |
| | * Shoal Bay Community Association.. |