

MEETING of the ASSET ENERGY COMMUNITY CONSULTATIVE COMMITTEE  
held Wednesday 19 October 2011 in Newcastle City Hall

Meeting commenced at 1.21pm

PRESENT: Avril Lockton - Central Coast Community Environment Network  
Greg Summerhayes - DITRIS - Office of Energy & Resources  
Kristy Munro - Newcastle City Council  
Mark Stables - Gosford City Council  
Tim Macdonald - Gosford City Council  
Jason Nunn - Recreational Fishing Representative  
Greg White - Wyong Shire Council  
David Breeze - Asset Energy  
Alice Howe - Lake Macquarie Council  
Malcolm Poole - Recreational Fishing Cooperative  
Margaret MacDonald-Hill - Chairperson

APOLOGIES: Bob Baldwin - Federal Member for Paterson  
Sally Whitelaw - Port Stephens Council  
Greg Piper - Mayor Lake Macquarie Council  
Brad Warren - OceanWatch  
John Harrison - Professional Fishermen's Association  
Doug Ferrell - DITRIS - Resource Management (Fisheries)  
Mark McCallum - APPEA  
Toby Foster - Asset Energy

ABSENT: Mark Eisenhauer - Commercial Fishermen's Cooperative  
Murray Hams - Commercial Fishermen's Cooperative  
Brett Bollinger - Commercial Fishermen's Cooperative  
Shayne Wilde - NSW Maritime

Declaration of Interest by the Chair

Confirmation of Minutes of previous meeting

Greg Summerhayes moved the minutes, seconded by Malcolm Poole

Business Arising

Margaret MacDonald-Hill had extended an invitation to Pepe Clarke, Chief Executive Officer of the Nature Conservation Council to attend. He was unable to attend the meeting because of other commitments.

Correspondence

In

26/11/10 - letter received by Chair from Minister for Primary Industries on release of Environment Plan

7/12/10 - letter received by Chair from Federal Minister for Resources and Energy

7/2/11 - email received by Chair from Avril Lockton seeking representation from OCCI on committee

Out

10/12/10 - Chair emailed responses from State and Federal Ministers to committee members

7/2/11 - Chair emailed response to Avril Lockton advising request for OCCI would be listed on the agenda for next meeting.

David Breeze report - Presentation attached

David Breeze offered his apology for not being in a position to meet earlier. A considerable amount of time was required to review extensive data from the well, with drilling completed in early days of 2011. He had also been involved in other operations in Western Australia.

Avril Lockton asked what distance was the well from shore at Fishermans Bay .

David Breeze advised approx 25 kilometres.

Avril Lockton stated whilst at friends' place at Fisherman's Bay, she could see the drill rig.

There was general discussion by the committee on the ability to see something on the horizon at such a distance.

Greg White asked about the amount of gas seepage from the ocean floor (Slide 11).

David Breeze advised that it occurs naturally and referred to his presentation slides. Natural gas flows seep out at most points and indicated elevated levels coming off ocean floor on Sydney's east coast margin.

Avril Lockton queried the term 'natural' gas, was its composition similar to coal seam gas and if a resource was present, could it be mixed with coal seam gas, is it liquified?

Alice Howe asked whether there was data on the sulphur content of the gas in PEP11, and if it was of a comparable level to that found in coal seams.

David Breeze explained thermogenically sourced. Standard is comparable and it likely has the capacity to go into the State's gas pipelines but more analysis needed.

David Breeze advised they were not able to drill on the other three sites because of a failure by the company who did the site survey resulting in a commercial dispute. They did not use high resolution methodology that was required by the technical people to properly identify any shallow gas risk to operations.

Alice Howe asked if this presented a safety risk to the drill rig and crew.

David Breeze explained the operation safety set up and drilling procedure to take the precaution if you drill into a gas pocket. It is standard procedure and happens all around the world.

Avril Lockton asked if it could explode from the drill head?

David Breeze explained the risk avoidance process to prevent gas to the surface. Their seismic specification was a shot point interval of 6.25 metres.

Avril Lockton asked if 6.25 was the company's decision or a condition of the Federal Government.

David Breeze confirmed it was the specified operation process - high resolution digital seismic, not a government regulation. Twelve months had been spent on collecting and analysing information on seismic data on the coast, and included information collected over forty years from other sources. They had provided all methodology to the site survey company and asked them to recommend what they intended to do.

Greg White asked if there were any estimates on the volume?

David Breeze replied an estimate of prospective 6 trillion cubic feet offshore here, other estimates of higher amounts. 6tcf could be enough to supply NSW for thirty to fifty years.

Avril Lockton asked if the geographic area is off Newcastle.

David Breeze replied that it is Newcastle to Gosford, broadly in that area. In drilling the current well they went to a total depth of approx 800m (Slide 32). He stated there is a lot more desktop work to be done to determine where we go next. It will take a period of time.

Malcolm Poole asked about what other seismic trials would be done? It seems that there will be more seismic work in Wyong and Gosford areas and no more work at Seaclem.

David Breeze advised other trials have not been determined as yet and his assumption about Seaclem was correct.

Jason Nunn asked if the site known as Baleen off Catherine Hill Bay looks more attractive?

David Breeze referred to Slide 37, we have to work out where Triassic is sitting over Permian, it is a bit of jump.

Greg Summerhayes reminded all that the permit covers the area from Port Stephens to Wollongong in south.

Malcolm Poole noted that the detail is Terrigal to Port Stephens. He had concerns about Catherine Hill Bay, which is a lot closer to the shore.

Jason Nunn agreed and said Baleen is a concern.

David Breeze pointed out in his presentation that these are well names.

Jason Nunn said the emphasis appear to be a long way off Sea Clem at Port Stephens and now back down the coast to Catherine Hill Bay, which is considered a fragile environment and close to shore. He said how do we inform you of that sensitivity; deep water corals and rare fish species. He expressed concern about any drilling in this area and impacts from the rig.

David Breeze explained the mud used for the drilling goes back to rig.

Greg Summerhayes advised only small amount of solids remains on ocean floor.

Avril Lockton said the sediments are generated from industrial methods.

Greg Summerhayes advised that was inconsequential as the material was inert sedimentary rock fragments . His department was given images of the seabed as a compliance requirement for well completion sign off .

Jason Nunn said no one had a true sense of the ocean floor .

David Breeze said they do have a picture of the seafloor from side scan sonar to a much higher resolution seeing virtual 3D images.

Malcolm Poole and Jason Nunn stressed the sensitivity of area.

David Breeze advised the cost of approx \$25 million expended to drill a dry hole. They had a lot more work to do. Company is currently going through process of permit renewal. Seaclem is finished but PEP 11 remains active.

Alice Howe asked the timing for the next drill?

David Breeze replied within five years.

Malcolm Poole stated the fishing stocks is stressed as a result of the seismic survey. They have been working with the CSIRO trying to understand the science and impacts on the ocean floor. How safe is it? He has seen a downturn in fish after the two runs of intensity of seismic. He referred to the impacts on the scallops.

David Breeze said he would not expect it to be as a result of seismic survey but more from over fishing and trawling damage. That is the cause to the scallop industry in Victoria. Same happened in Western Australia and Tasmania. He is not aware of any correlation between seismic and destruction.

Greg Summerhayes - presentation attached.

Greg Summerhayes spoke on the new legislation amendments and creation of new entity NOPSEMA from January 1 2012.

Legislation reform followed from various reviews in 2010 and 2011 including the Montara Report recommendations. Further information is available as Fact Sheets from the Department of Resources, Energy and Tourism website .

Alice Howe asked if it was Asset's intention to lodge under the new Act?

David Breeze advised the renewal was already lodged and future operations would come under the new legislation.

Greg Summerhayes confirmed that any application for exploration activity in Commonwealth waters will remain with the State until January 1 2012, however there are no such applications received pending.

Alice Howe asked what is NEATS

Greg Summerhayes advised it is National Electronic Approvals Tracking System.

Alice Howe advised that a letter from local councils had been sent to State and Federal Ministers on community consultation requesting timely and adequate information be provided to Local Government and local communities. She asked whether Asset Energy would be willing to continue a community consultation process without a requirement to do so under the new legislation.

David Breeze confirmed he was happy to continue the process and the interaction to explain the project.

Malcolm Poole asked if NOPSEMA was the authority for the transfer of gas within NSW coastal waters.

Greg Summerhayes advised there is currently no Mirror Legislation in place. So for a gas pipeline facility within State waters, the assessment and approval would remain with NSW government agency(s).

Margaret MacDonald-Hill advised that as a result of the new legislation and transfer of jurisdiction back to the Federal Government, this was the last meeting of the committee set up under the State's consultation process. She had spoken to Minister Ferguson's office on the process from hereon regarding community information. Unlike NSW where community consultation is an essential part of any major projects approval process, there is no such requirement under Federal jurisdiction. She suggested that in her final report to the State Minister, a copy also be sent to the Federal Minister and the Chief Executive of NOPSEMA, advising of the committee's views. She asked each committee member to send her any comments and she would incorporate them in the report, so they remain the individual member's comments.

The committee thanked David Breeze for the comprehensive information he had provided to them throughout the meetings.

The Chair was also thanked for her efforts.

Meeting closed 2.45pm.