

MINUTES of MEETING of the ASSET COMMUNITY CONSULTATIVE COMMITTEE

held 17 August 2010
Newcastle Room, Newcastle Council

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
Greg Summerhayes - A/Manager Environment Operations, Minerals & Energy,
Dept Industry & Investment
Jason Nunn - Fisherman's Warehouse (recreational fishermen)
Brad Warren - Ocean Watch
Brett Bollinger - Commercial Fisherman's Cooperative
Mark Eisenhauer - Commercial Fisherman's Cooperative
Murray Ham - Vice-Chairman, Commercial Fisherman's Cooperative
Darrell Sullings - NSW DII-Fisheries
Dr Quentin Espey - Lake Macquarie Council
Avril Lockton - Central Environment Network
Nicole Nixon - Wyong Council

Apologies: Sue Whyte
John Harrison
Doug Ferrell
Mark McCallum
Paul McMurray

Margaret MacDonald-Hill welcomed all to the meeting and declared her position as Independent Chair appointed by the Minister for Mineral Resources. She also stated she is the Executive Officer for Mining Related Councils, a Member of the Mine Subsidence Board and the Ministers' Arbitration Panel. Margaret briefly explained the role of the committee in accordance with the CCC Charter distributed prior to the meeting.

SIMONE MEAKIN

Acting Senior Environmental officer, Dept Industry & Investment Minerals & Energy

- As per powerpoint presentation. Jurisdiction State to 3nm, beyond 3nm State, Federal

- Commonwealth & State share Legislation coverage. Paul McLeay - Minister BUT Designated Authority.
- OPPGSA regulates offshore legislation in Commonwealth waters.
- Approval process requires State & Federal liaison
- Environment Regulations - Offshore Storage regulations & EP required to submit & assessed at State level. Aim for best practice.
- Environmental Protection and Biodiversity Conservation (EPBC) Act with impact on matter of national significance. Submit to Commonwealth Department of Environment, Water, Heritage and the Arts (DEWHA) following company's assessment, if deemed to have impact on matters of national environmental significance
- Also Petroleum Submerged Lands. Submit plan to cover downhole activities and identify risks.
- These three processes are separate but concurrent.
- Environmental Plan - we received over 200 pages as submitted.
- Standards have to be maintained under EP
- Guidelines produced by Government (Federal) Department.
- Greg Summerhayes reviewed the EP.
- Flowchart - EP - Operator initiates and prepares. Revisions of EP and Referral to 3 State agencies, plus supply to Commonwealth, Then 30 days. Still in process of giving feedback & currently requested further info. There can be EPBC in parallel.
- Well-Well Operations Management Plan (WOMP) - Best practice - coverage to be submitted & review of this within DII.
- Marine incident. Control of incident in control of operation and can also refer to Federals if judged appropriate.
- National Plan - administered by AMSA, Eg. >3nm offshore, AMSA.
- Safety. Onus on operator to take all care. NOPSA is offshore safety regulator. Safety case required in all offshore facilities.

BRAD WARREN - Ocean Watch
Has it been referred to DEWHA?

TOBY FOSTER

The EPBC Act Referral process to DEWHA is a self-assessment; currently with RPS (environmental) consultants if deemed necessary. We are currently awaiting that advice.

GREG SUMMERHAYES

We are governed by regulations. Depends on assessment of proponent. Under EP we have gone beyond requirements. We have referred to local Councils which is broader than required. Referral for EPBC is a self-assessment.

AVRIL LOCKTON

Enquiry re environmental impact and Montara oil spill.

TOBY FOSTER

This matter is addressed within the following presentation

PRESENTATION:

- Lease on drilling rig as announced earlier this year. Referred to slide and detail.
- Covered Corporate Structure, Advent's major shareholder is MEC Resources. Asset Energy Pty Ltd is a wholly owned subsidiary.
- Advent holds assets around Australia
- Use services of consultants, Du-El Drilling Services / RPS
- Senior Geologist. Board - Goh Hock & Eng Tan ex-Schlumberger
- Explore under Offshore Petroleum and Greenhouse Storage Act 2006
- Simone covered the government departments and regulatory processes
- Permit: Proponents are required to advise what they will do with the lease.
- We farmed-in with Bounty who will go from 75% down to 15% upon completion of the first well.
- We are the effective operator on behalf of the Joint Venture.
- Petroleum Permits cover NSW and showed PEP11 relative to other titles; equal to - 8200 km²
- Environmental Plan. We are currently reviewing details requested by the Department.
- Exploring for natural gas; Basin is gas prone. Use geophysical processes to determine where gas may be. Lot of technical evaluation research prior to drilling plans, eg. 2004 seismic/2010 reprocessed seismic data
- Explained geological framework
- Gas illustrated by shelf failure features caused by gas and illustrated by pockmarks. Largest of which is 700 x 70 m deep - so massive fluid flow features, and pockmark illustrated is biggest in the world.
- Dr Fred Kroh's analysis, formerly of Geoscience Australia. Sub Bottom profile of noise train in water column illustrates gas seepage effect and approx several km across.
- Gorgon shelf failure and slide and comparison to Gorgon a 40 Tcf field and 14 Tcf Ormen Lange field

DAVID BREEZE

Methane when mixed with CO₂ is 30 times worse than CO₂ as a potent greenhouse gas.

- Illustrated substantial gas seepage and environmental aspect is potential adverse impact on health when CO₂ and methane mixed and NSW coal fired power station generate one third of Australia's CO₂ emissions from around Sydney and Newcastle.
- Studies offshore California have shown substantial reduction in methane seepage when gas produced from offshore wells.
- Emphasis on environment. Gas produced from natural seepage more than all CO₂ from motor vehicle in Orange county California .

MURRAY HAM

How is the ocean floor left?

TOBY FOSTER

P & A, Solid Cement plug above potential reservoir section to just below surface. Drilling casing cut approximately 6m below seafloor and extracted, removed to surface, No infrastructure left on seabed, Small volume of Cuttings dissipated

- Type of rig overview
- We will use semi-submersible
- Presently being used in Bass Strait

QUENTIN ESPEY

What is the rig's size?

TOBY FOSTER

showed vessel towing the Ocean Patriot semi submersible drilling rig from Capetown.

- Towed to NSW from Bass Strait
- Anchors: 2 from each corner of the rig, eight in total (Slide showing anchors/chains)
- Locations; coverage in media incorrect. 4 location chosen for pre-drilling site survey and work to date focused attention on area 55km east of Newcastle. Performed surveys at four sites as safety is paramount.

BRETT BOLLINGER

Proposed marine Swansea to Cape Hawk.

JASON NUNN

Lift into layers, Still merits to explore in Baleen.

BRAD WARREN

Connectivity of prospects in terms of production?

TOBY FOSTER

Gas traps answer: whilst there may be a similar source of natural gas for each of our prospects, we are treating them as separate discrete potential accumulations.

Lot of work to do before get to development

QUENTIN ESPEY

Strongly recommend you consult with Port Stephens Council

MARGARET MacDONALD-HILL

They have been contacted

DARRYL SULLINGS

How are they anchored?

TOBY

4 anchors & cross-tensioned on diagonal

Total of 8 anchors

MURRAY HAM

Can you give a rough latitude and longitude? (supplied)

Results of site survey

TOBY FOSTER

Showed slide of latitude & longitude

Flat and featurless bottom at chosen New Seaclem-1 location

2-3m fall across whole area; water depth at drilling location 143m

- Cross section of New Seaclem-1
- To drill to 826m
- Focusing on the Cainozoic sedimentary sequence
- Reservoir targets are interpreted to be Tertiary Sandstones

Well schematics description, including pilot hole, installation of blow-out preventers, use of remote operated vehicles and geophysical logging instruments:

- Riser - collar with drill string
- Once BOP on - further pilot hole
- Depth of horizon at gas trap
- Next step further pilot hole
- Then cement, Log holes then further hole

AVRIL LOCKTON

Is it gas?

TOBY FOSTER

yes, documented observed technical data show seepage

- Ocean Patriot - 30 days including towing. OP is a Diamond Offshore owned drilling rig. Rig & Helicopter off Newcastle. 15 Min Helicopter ride from Williamstown to rig.
- deck layout
- Given details on waste
- Timing for port

JASON NUNN

- Size of exclusion zone around the rig?

TOBY FOSTER

Australian Maritime Safety Authority (AMSA) to determine

- AMSA safety conditions - one of vessels alongside rig at all time with AIS & Rig

- Advertising campaign/public awareness through David Breeze's radio interviews (ABC, 2GB), ASX releases, Channel 9 business news coverage within NSW
- Helicopters - Jayro

AVRIL LOCKTON

Crew rotation?

DAVID BREEZE

- NOPSA & safety case - 40 people attended the Hazard Identification Workshop in Melbourne
- Market - 35% of Australia's CO₂ emitted from within Sydney Basin
- Natural gas is transition fuel
- Gas sources currently Bass Strait, Cooper Basin (South Australia) - considerable pipeline distances

QUENTIN ESPEY

Coal & Transition timeframe of gas

Development timeframe?

TOBY FOSTER

Generally discovery to development takes at least 5-10 years

- Summarized environmental - showed RPS Research
- Pelagics - Grey Nurse sharks generally in 15-25m water depth
- Nearest known site is 90 km to NW
- Whales - Humpback - no known breeding areas & migration to 9 km from shore in Northerly migration, dispersed in southern migration
- Southern Whight - closest is Eden 400 km south
- No impact on Blue Whale migration
- Unlikely to have impact - Killer Whales follow seal colonies
- Noise similar to bulk carriers
- Montara - Independent Commission report yet to be tabled
- Fundamental difference - Montara Oil dev well which is a lateral failed to install component
- New Seaclem-1 is vertical exploration well: not bringing any reservoir natural gas to surface - simply logging using highly sophisticated geophysical instruments
- Nothing left at sea bed
- Gulf of Mexico - 1500m of water - Methane hydrates - (temps pressure)
- Gulf of Mexico - high temp & high pressure
- Methane hydrate - cold water
- History of spills - All ships - spills
- Radar on rigs - Vessel along side & exclusion zone
- Ocean current - 4 -5 knots
- Cuttings - water based mud fluid as opposed to synthetic fluid

BRAD WARREN

Southern area - deep water corals

Area chosen is neutral - v. comprehensive

Not a prawn area only fish trawlers - flat head and shark

Recreational - Marlin - first shows late November

David and Toby complimented on the nature & extent of their presentation
Huge floating area but (for fish) need to know when the rig will be moved

NEXT MEETING WILL BE HELD SEPTEMBER 28, 2010 AT 2PM