

Australia's Onshore Gas Industry: Queensland Standard Environmental Approvals

[Adapted from Presentation given May 2013]

Standard Approvals

- ❖ The previous process for exploration approvals was long, costly and uncertain
 - ❖ Assessment timeframes up to 18 months.
 - ❖ Contained ~ 300 + prescriptive conditions.
 - ❖ Cost ~ \$80,000 + per application.
 - ❖ Outcome was highly uncertain.
- ❖ APPEA used a unique collaborative project team approach
- ❖ New Process is a major improvement – Australian best practice
 - ❖ Assessment timeframe 30 days.
 - ❖ Standard Conditions ~ 60.
 - ❖ Cost \$0 to prepare.
 - ❖ Mostly outcome focused with conditions set in regulation.

Industry Concerns

- ❖ Production conditions were being applied to exploration activities.
- ❖ Prescriptive conditions limiting activities on the tenure.
- ❖ Uncertain assessment process with differing conditions between proponents and tenures based on negotiations.
- ❖ Frequent information requests ~ 2 to 4.
- ❖ Amendments to environmental authorities often led to additional conditions being applied to the proponent.
- ❖ Conditions were dependent on the discretion of individual assessment officers.
- ❖ All activities treated as high risk with site specific applications.

Previous Process

- ❖ Anywhere up to 18 months to have an Environmental Authority Issued (*source DEHP*).
- ❖ Part of the issue was information requests and the time taken to negotiate conditions.
- ❖ The number of conditions varied between Environmental Authorities. Anywhere up to mid to high 300s is normal (*source published Environmental Authorities*).

- ❖ Cost proponents approximately \$80,000 + to prepare (*source proponents and consultants*).

The figure below diagrammatically represents the previous process.

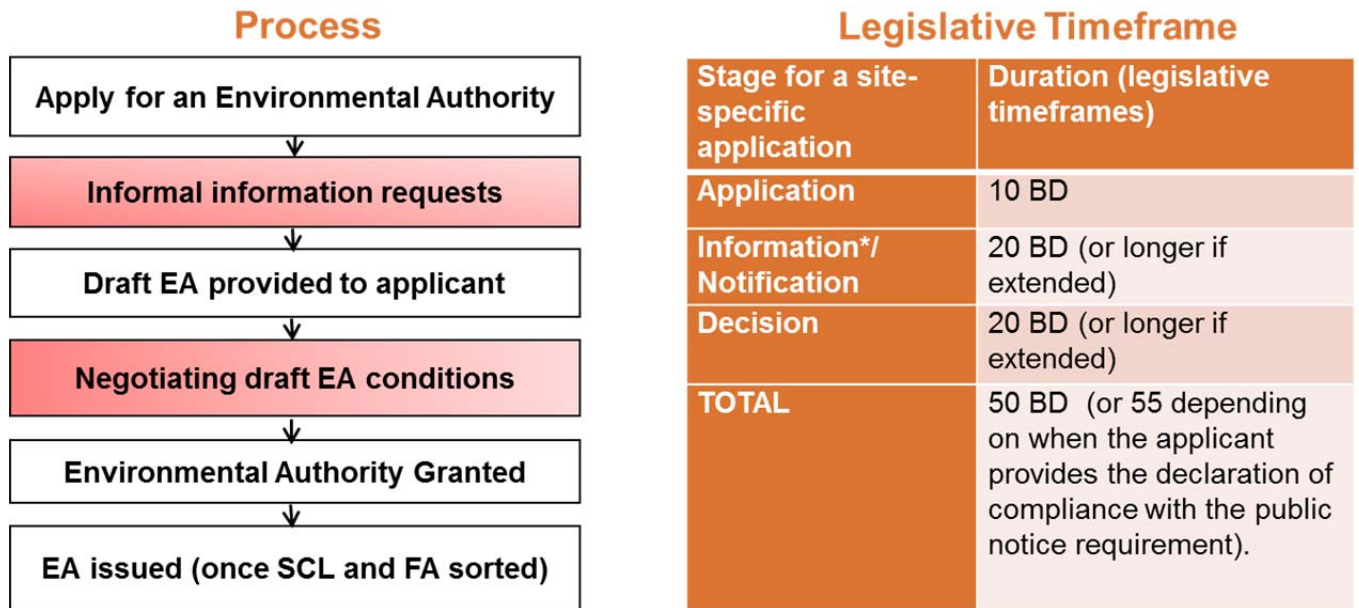


Figure 1: Previous Queensland onshore application process for Environmental Authorities.

Example 1. Non-negotiated outcome

- ❖ Exploration environmental authority issued November 2012.
- ❖ 37 pages, 359 conditions and limits on authorised activities

Existing EA limits	New Standard Approval
500 Seismic	All seismic activities
1 well (1ha)	Up to 720ha disturbance no limit on the number of wells.
1 sump (max 2ML)	No limit
STP < 21 Equivalent Persons	Total peak design capacity of greater than 21 EP total combined daily peak capacity of less than 1500EP.
1 camp (1ha)	No limit
	Construction of access tracks
	Well and bore drilling (including reconditioning)
	Production testing
	Waste Disposal
	Stimulation
	Low Hazard Dams
	Flaring
	Low Hazard Dams
	Manage residual drilling materials onsite

Example 2. Negotiated Outcome

- ❖ Exploration environmental authority issued November 2012.
- ❖ 34 pages, 318 conditions, cost ~ \$80,000 took 6 months to negotiate and has limits on the authorised activity.

Existing EA	New Standard Approval
2D Seismic	All Seismic activities
38 wells (0.02% disturbance = 117ha)	Up to 713ha disturbance no limit on the number of wells.
No release sewerage treatment	Total peak design capacity of greater than 21 EP total combined daily peak capacity of less than 1500EP.
1 Temporary camp	No limit
Construction of access tracks	Construction of access tracks
Well and bore drilling (including reconditioning)	Well and bore drilling (including reconditioning)
Production testing	Production testing
Limited waste disposal	Waste Disposal
Stimulation	Stimulation
Low hazard dams	Low Hazard Dams
	Flaring
	Manage residual drilling materials onsite

APPEA Methodology

- ❖ Objective: Reduce red tape for exploration
 - ❖ A standard set of conditions, preferably code assessable, for exploration activities below a defined cumulative impact threshold.
- ❖ Solution: Standard Approvals
 - ❖ Section 112 of the Environmental Protection Act introduced the concept of 'standard' and 'variation' applications for Environmental Authorities.
 - ❖ The examples that this concept related to was 'motor vehicle workshops, chemical storage and waste transfer stations'. There was never an intent for this to apply to petroleum activities.
- ❖ How:
 - ❖ developed a purpose built team with diverse skill sets
 - ❖ built trust with government
 - ❖ created an environment for frank and fearless discussion
 - ❖ agreed clear goals between government and APPEA
 - ❖ buy-in from government and industry

Clear Goals

- ❖ clear delineation between exploration and production activities
- ❖ risk based outcome focused expedited approval for petroleum activities
- ❖ 80% of exploration activities and applications covered through a standard approval
- ❖ reduction in time taken to get an environmental approval to undertake petroleum exploration activities
- ❖ reduction in the need for amendments to conditions.
- ❖ shift from assessment processes and into compliance and enforcement.
- ❖ standardised conditions across industry.

Project Team:

- The total man hours put into this project exceeded 800hours spread over 6months.
- The members of the project team collectively put in over 200hours of in-kind time.

New Process

- ❖ Takes 30 Business Days.
- ❖ 0 information requests and negotiation.
- ❖ Approximately 60 conditions that need to go through a public consultation process to be amended.

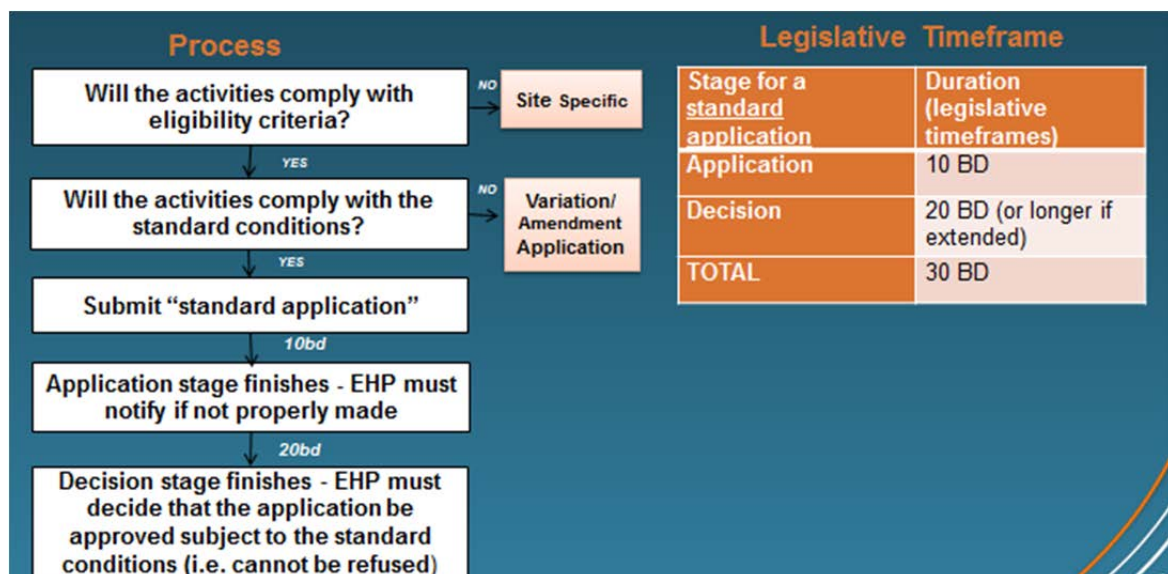


Figure 2: Reformed Queensland onshore Environmental Approvals for Exploration

Benefits to industry

- ❖ Assessment timeframe reduced from up to 18 months to 30 days.
- ❖ Cost reduced from ~ \$80,000 + per application to \$0.
- ❖ Reduction in conditions from up to 350 to ~ 60.
- ❖ Based on APPEA risk matrices.
- ❖ Move from prescriptive to outcome focused conditions.
- ❖ Provides industry with certainty on environmental standards at the time of bidding for tenures.
- ❖ No discretion of individual assessment officers.
- ❖ Standardised approval across the onshore petroleum industry in Queensland.