

## **Petroleum (Onshore) Amendment (Prohibit Coal Seam Gas) Bill 2015**

Jeremy Buckingham, the Greens mining and coal seam gas spokesperson will introduce the *Petroleum (Onshore) Amendment (Prohibit Coal Seam Gas) Bill 2015* into the NSW Legislative Council on Tuesday 5 May as the first act of the new parliament for the NSW Greens.

The Bill is cosponsored by Greens member for Ballina Tamara Smith who will have carriage of the Bill in the Legislative Assembly if it passes the Legislative Council.

### **Objectives of the Bill**

The bill, if made law will achieve three key objectives:

1. It will prohibit any prospecting for or new production of Coal Seam Gas (CSG) or other unconventional gas in NSW;
2. It will ensure that the existing CSG production areas at Camden and Narrabri are not expanded; and
3. It will ensure that existing petroleum licenses can be cancelled, without compensation.

### **Detail**

The Bill amends the *Petroleum (Onshore) Act 1991* by inserting a new part which makes it an offense to prospect for or mine coal seam gas and other unconventional gas in all areas of NSW. Under this part compensation is not payable by or on behalf of the State because of this change.

The Bill prevents the Minister from granting new, or renewing existing, petroleum titles relating to coal seam gas but it does not directly cancel existing petroleum licenses, although it renders them useless. If passed however this Bill will give the Minister the ability to cancel licenses without compensation where it is in the public interest to do so.

This is done by reinstating the public interest test which was introduced by the Government in the *Mining and Petroleum Legislation Amendment (Public Interest) Act 2013*, but was subsequently repealed by the *Mining and Petroleum Legislation Amendment Act 2014*, with support from the Labor party. At the time the public interest test was used to cancel three coal licenses, which had been granted by corrupt former Labor minister Ian Macdonald, without compensation. The ability for the Minister to use this provision to cancel a license without compensation was recently [upheld by the High Court](#).

The Bill allows the existing five production licenses at Camden and one at Narrabri to continue to produce gas, but stops them from drilling new wells or refracking existing wells to increase production. These wells will be capped once production ends.

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Briefing Note

Jeremy Buckingham MLC

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### **Does this Bill apply to all unconventional gas, not just coal seam gas?**

Yes. The definition of coal seam gas under the Bill is “any petroleum in a gaseous state that is extracted from coal seams or beds, shales or tight sands.”

### **Will this Bill cancel existing petroleum licenses?**

Not directly, but it provides a mechanism, the Public Interest Test, for existing licenses to be cancelled by the Minister without compensation. The Bill also renders existing exploration licenses effectively useless by prohibiting prospecting or production on these licenses.

### **What does this Bill mean for Metgasco in the Northern Rivers?**

The Bill, if passed, would prevent Metgasco from drilling at Bentley as this would count as prospecting for coal seam gas. It would also allow the Minister to then cancel all the licenses across the region without any compensation being payable. Metgasco’s existing application for a Petroleum Production License would not be approved as the Bill prevents the Minister from granting new petroleum titles.

### **What does this Bill mean for AGL at Gloucester and Camden?**

The Bill, if passed, would prevent AGL from drilling at Gloucester as this would count as prospecting for coal seam gas. AGL do not have a production license (PPL) at Gloucester, however they have five existing production licenses at Camden. Under the Bill AGL will be able to continue to produce gas from their existing wells on their Camden PPLs, however they could not refrack these wells to increase production or drill any new wells on these licenses. The Bill will allow the Minister to cancel AGL’s exploration license without any compensation being payable. AGL’s application for a Petroleum Production License at Gloucester would not be approved as the Bill prevents the Minister from granting new petroleum titles.

### **What does this Bill mean for Santos in North-West NSW?**

The Bill, if passed, would prevent Santos from drilling any new wells in North-West NSW as this would count as prospecting for coal seam gas. Santos have an existing production license at Narrabri (PPL 3), and would be able to continue to produce gas from their existing wells, however they could not refrack these wells to increase production or drill any new wells on this license. The Bill will also allow the Minister to cancel Santos’ exploration licenses and their Petroleum Assessment Lease (PAL 2) without any compensation being payable. Santos’ applications for Petroleum Production Licenses would not be approved as the Bill prevents the Minister from granting new petroleum titles.