



CLARENCE ENVIRONMENT CENTRE

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NSW Premier, The Hon Barry O'Farrell
office@premier.nsw.gov.au

cc - The Hon Katrina Hodgkinson
Minister for Industry and Investment
Email_office@hodgkinson.minister.nsw.gov.au

Dear Mr O'Farrell

Introduction

The Clarence Environment Centre has maintained a shop-front at Grafton for over 22 years, and has a proud record of environmental advocacy. Therefore, we are writing to express a series of concerns in relation to coal seam gas (CSG) mining and exploration, particularly in relation to proposals for the Clarence Valley.

Late last year Red Sky Energy released a statement declaring its intention to proceed to the next stage of its CSG exploration program in our region, between Grafton and Casino.

In its original Review of Environmental Factors (REF), put out by Red Sky's predecessor, Clarence Moreton Resources, there is a claim (page 10) that consultation will occur with local environment groups or the local Aboriginal Land Council. The Clarence Environment Centre, one of the longest running environment groups on the north coast of NSW, has received no approaches from Red Sky, and while we are mindful of the fact that Whiporie is not strictly in the Clarence Valley, we point out that the North Coast Environment Council, the peak regional environment group, has also not been contacted, which raises the question - who has been consulted?

Frankly we doubt that any local environment group has been consulted as, from our experience, mining companies do all in their power to keep their activities under wraps for as long as possible. An example of this is the case of Coaldale residents who, about a year ago and with no warning whatsoever, found their main road temporarily closed while a gas mining company undertook seismic testing in the area.

REF Assessment

We understand Red Sky is in the process of finalising a second REF for the next stage of its CSG exploration program, namely the drilling and flaring of a pilot well at its Talma site near Whiporie, between Grafton and Casino. We are concerned that this REF will display the same lack of scientific rigour as its predecessor in July 2010.

Firstly we believe the following justifications for the exploration (page 9) cannot be supported:

1. *“Current and future demand profiles for gas as an alternative to less greenhouse friendly energy sources”.*

This is an erroneous claim put out by the industry in an attempt to gain a degree of acceptance within the community. It is now common knowledge that once all emissions created during CSG production are accounted for, including machinery use, drilling, 'fracking', pumping, infrastructure construction, venting and flaring, water transportation, effluent treatment and disposal, processing and transportation, not to mention the released gas that escapes to the surface by alternative routes created during the fracking process, that coal seam gas could be even more polluting than coal. **It is not more greenhouse friendly as the industry, and some elements within Government, would have us believe.**

In the USA, work undertaken by Cornell University (2011) on shale bed gas, has proved the above point, and attempts by the mining lobby to distance itself from those facts by correctly identifying that Australia's coal seam gas is different is just a smoke screen. However, that claim led to the organisation, Beyond Zero Emissions, commissioning Worley Parsons to undertake an Australian study which was completed in September 2011.

That report, which reportedly demolished gas industry claims that CSG is "clean energy", was apparently so potentially 'explosive' that, under pressure from the gas industry (Worley Parsons reportedly has a \$580 million contract with Queensland Gas Company for engineering and procurement services for the company's Queensland Curtis LNG project) the report was suppressed by the Worley Parsons Board, who have since refused to release it. (see <http://beyondzeroemissions.org/media/releases/worley-parsons-suppresses-explosive-gas-emissions-report-under-gas-industry-111114>).

2. *"Current and future demand for natural gas in the region"*.

A very small percentage of Australia's gas production is used within Australia, and while all of Red Sky's statements to date claim their gas would be used locally, with no plans for pipelines, rival Clarence Valley gas mining company, Metgasco, is on record as claiming that local demand for gas generated electricity is not large enough to make their gas drilling commercially viable. Presumably the same economics would apply to Red Sky's deposit.

We believe Red Sky will await developments relating to Metgasco's planned pipeline to connect to South East Queensland and the LNG facility at Gladstone before making any final determination on what to do with its product.

As already stated, we hope the Government will require Red Sky to apply a much higher level of scientific rigour, when compiling its current REF, than was the case for its predecessor in July 2010.

One reason for this being that the Talma well site near Battens Bight, while on cleared land itself, is surrounded by high quality public and private native forest, and adjacent to an indistinct line of billabongs and wetlands draining directly into Bungawalbin Creek by way of Myrtle Creek. This is considered to be part of the 'Lower Bungawalbin Catchment Wetland Complex', a recognised wetland of national significance. (<http://www.environment.gov.au/cgi-bin/wetlands/search.pl?smode=DOIW>).

Despite the sensitive nature of the area, Red Sky admits that polluted run-off is possible, with its earlier REF explaining that any unexpected spills of pollutants will trigger an unspecified Emergency Response Plan, which includes reporting the incident to the relevant determining authority. This simply isn't good enough. This is a serious issue for the Environment Minister, particularly since the recent serious spill in the Pilliga district where there was no action taken despite its being, by any reasonable consideration, a major breach of the POEO Act.

One of the greatest concerns for all communities impacted by CSG mining, is the potential for groundwater pollution and disruption to aquifers, but the earlier REF failed to even mention these possibilities, much less address the potential impacts. That is because gas miners acknowledge they cannot give any guarantee that their operations will not have adverse impacts on underground water.

In this respect we are told (page 12) that all drilling fluids will be water based, but are told nothing of the fluids themselves, other than the claim (page 15) that they are biodegradable (no time frame given) or inert. The mention (page 14) of possible disposal problems associated with soils polluted with hydrocarbons, is another major concern. We strongly believe that this is not good enough, given the fact that those materials will be stored in “unlined sumps”. The storage and disposal of contaminated or polluted water (either produced from the well or the drilling fluids) is a major concern given the low relief of the area, the nature of the soils, and the importance of the surrounding and downstream wetlands. Therefore, we believe full details of chemicals/substances used in the process, along with their potential impacts, must be fully addressed in the current REF.

A major failing, when it comes to preparing environmental impact assessments, is a failure to consider cumulative impacts. The previous REF made the astounding claim that its proposed well would have no cumulative impacts, when everyone knows that the finding of a viable gas deposit would lead to commercial extraction. This in turn will lead to the destruction and fragmentation of hundreds of hectares of native vegetation, including threatened species habitat, to construct dozens more well-heads, roads, containment dams, and pipelines. We believe, by failing to ensure that cumulative impacts are fully assessed, Government is being complicit in the peddling of this misinformation.

One of those potential impacts is acid sulphate soil disturbance, and while the REF claims, albeit with some uncertainty, that: “*Acid conditions are not expected*”, when the extraction process demands that other wells in the area be drilled, we believe there will be a high risk of acid sulphate soil disturbance. We hope that Red Sky will have superior data to use in compiling the current REF

Finally in relation to cumulative impacts, the Clarence Environment Centre strongly believes that, in fairness to the mining companies that are investing large amounts of money in exploration, and local residents disrupted by exploration activities, the overall impacts should be fully assessed before any exploration is allowed. There is no point in allowing exploration to occur if future extraction is deemed undesirable.

Appendix 1 of the REF lists 91 threatened fauna and 34 flora species recorded in the Richmond Valley. We are bewildered by the inclusion of animals such as the Loggerhead Turtle for consideration when threatened species in the Clarence Valley Council LGA only a few kilometres away, get no mention. The point is that the NSW Wildlife Atlas search should have been more specific to the site of the proposal, and that a search restricted to the Richmond Valley LGA is inadequate, particularly since the site is relatively close to the boundary with the Clarence Valley LGA, where numerous species, likely to be found on cleared land, have been recorded.

Very little in the way of flora and fauna surveys have been undertaken in the greater Whiporie area, and therefore relatively few threatened species records have been entered onto the Atlas. In fact only two threatened flora species have been recorded within a 6km radius of the drill site. As a result, we firmly believe a thorough on ground flora and fauna assessment must be required, along with assessments of all potential sites that could be impacted when extraction commences.

There has apparently been no ecological assessment undertaken of the site and as a result all potential threats have been dismissed as insignificant. While the current lax laws relating to mineral exploration activities allow for this to happen, we believe it is unacceptable, and a far more rigorous approach needs to be taken for the current REF, to cover the full range of likely impacts.

We need to know how many wells will be drilled across the area as a consequence of the possible discovery of viable gas resources, and seriously assess the desirability, for example, of having hundreds of similar boreholes, likely incorporating the practice of 'fracking', being drilled into the Bungawalbin wetlands. While acid sulphate soil is unlikely to be found at the current exploration well site, there is no such likelihood that it won't be encountered elsewhere in the basin.

There appears to be little credible justification for mining CSG. The process is highly damaging to the environment, it provides little in the way of local employment, it rides rough-shod over people's lives, and will have relatively short term financial benefits to the government. At the same time the proposed use of the product to generate electricity is a retrograde step in addressing emissions reduction targets and climate change. Therefore we sincerely hope you will give the issues raised your serious consideration, even to the point of putting a complete stop to the process and, more importantly, **moving NSW swiftly towards renewable energy sources.**

Yours sincerely

John Edwards
Honorary Secretary.