

METGASCO

7 September 2012

Hon Robert Brown MLC
Committee Chair
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister,

Thank you for bringing the highlighted passage of Mr O'Brien's testimony to our attention; in our view a clarification is required.

With the benefit of hindsight, when giving testimony to the Inquiry on 8th December 2011, we believe that Mr O'Brien should have referred to the fact that for a short period we had sent small volumes of produced water to the Richmond Valley Sewerage Treatment Plant (STP).

We believe that Mr O'Brien was attempting to distinguish between the practices adopted during the exploration phase of our work and those that would be required when we move into the production phase. Temporary holding ponds will not be sufficient during the production phase; "beneficial" use of the water will be required. Under the circumstances, it would have been easy to overlook the small volume and short duration use of the STP.

To put the issue in perspective, use of the holding ponds was the established approach to water management during our exploration activities. However, given delays in the building of new ponds required for ongoing testing, a decision was made to approach the Richmond Valley Council to make temporary use of the STP. We provided an analysis to support the environment acceptability of this action and the council gave approval to use the STP.

Ongoing use of the STP was not part of our exploration or development planning.

Your committee might also wish to note that in June 2012 the EPA reviewed our use of the STP as described above and noted no environmental harm or disruption to the sewerage treatment process was evident. Furthermore, in August this year, following approval of the EPA, the Richmond Valley Council, the NSW Office of Water and the Department of Resources and Energy, the STP was again used to handle a small volume of produced water.

In the longer term, disposal through the STP is not considered as a likely option for the disposal of produced water and drilling fluids.

Yours sincerely,



Peter J Henderson
Managing Director & CEO
Metgasco Limited