



5 February 2015

The Secretariat
Select Committee on the Supply and Cost of Gas and Liquid Fuels in New South Wales
Legislative Council, Parliament House
Macquarie Street
Sydney NSW 2000

By email: gasinquiry@parliament.nsw.gov.au

Dear Sir/Madam

Inquiry into the supply and cost of gas and liquid fuels in New South Wales

I am pleased to provide the following answers to the two questions taken on notice at the Parliamentary Inquiry on Wednesday 28 January 2015 and two supplementary questions from the Committee.

1. *Ms JAN BARHAM: The Minister this morning revealed that AGL was issued a stop work notice at Gloucester and now it is being reported that the licence has been suspended. What does this mean for the project's future and why did AGL fail to alert the Environment Protection Authority [EPA] to the BTEX finding for almost two weeks?*

The Waukivory Pilot Project remains suspended pending the outcome of investigations by the EPA and the Department of Resources and Energy.

Upon receiving the test results on January 15, AGL commenced work to confirm whether any material harm to the environment and human health arose from the BTEX concentrations. Having confirmed from expert assessment that there was none, there was no obligation for immediate notification of the EPA and other regulators.

AGL proceeded to verify the sampling procedures and to identify any potential contamination of the samples. AGL also reviewed historical monitoring data, conducted site inspections to assess our monitoring points, and checked our flowback system to ensure there are no leaks.

Given the community's concern about BTEX, AGL subsequently determined that a full review of the sampling results was warranted so we voluntarily suspended operations and informed the relevant authorities.

2. *In a paragraph on page 3 you say that the economic contribution of the Gloucester gas project to New South Wales would be in the order of a billion dollars out to 2035 and may well decrease gas prices in New South Wales out to 2025 by 8 per cent. Do you have an idea what the royalties flow from that sort of production process would be over, say, 2025 to 2035?*

Based upon current estimates of potential gas production, royalties from the Gloucester gas project would be approximately \$400 million.

3. *Can AGL guarantee that no water containing BTEX has been transported to a waste processing facility since BTEX was detected in samples?*

Yes.

4. *Do the waste processing facilities which AGL uses for waste water from its Gloucester operations have the facilities to filter and process BTEX chemicals?*

AGL engaged appropriately licensed contractors to lawfully transport and treat AGL's flowback water and ensure the lawful disposal of any such treated water. AGL's contractors would be best placed to respond to this question.

Yours sincerely,

Tim Nelson
Head of Economic Policy and Sustainability