

Submission  
No 781

## INQUIRY INTO COAL SEAM GAS

**Name:** Name suppressed

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Partially Confidential

Coal and Gas Strategy  
NSW Government  
Parliamentary Enquiry

7<sup>th</sup> September 2011

In relation to the NSW Government Parliamentary Enquiry on Coal and Coal Seam Gas I would like to present the following submission.

**Outline:** I believe that because the Government has the ultimate say on mining developments in this State they have a duty of care to all landowners and in particular to farmers to ensure that there are proper regulations in place to maintain a vibrant and productive agricultural industry.

A failure to ensure that no damage is done to the environment and no financial loss to individual businesses as a result of mining will amount to negligence by the Government. In relation to long term sustainability of the environment the Government must act with legislation as the protector for landowners and not just the benefactor of mining royalties.

I also believe that there are highly productive areas where Coal Seam Gas (CSG) mining should not take place (ie The Liverpool Plains ) and the Government should not be afraid to protect these. Agriculture is THE most important industry because people have to eat.

**Principal points:**

Landowner rights:

Current Government legislation gives mining companies all the rights and landowner's virtually no rights in relation to CSG mining. There must be balanced legislation to protect landowner's freehold rights.

Land holders should have:-

- a) The right to reject CSG mining on their land if they do not want it.
- b) The right to determine the location of gas wells, access roads and generators used to power pumps on their land to reduce the impact on their business and lifestyle if they were to agree to mining on their land.
- c) The right to refuse access when mining companies, associated companies or subcontractors engaged by either companies are not complying with access agreements or government regulations.
- d) The right to present mining companies with their own access agreements rather than having to accept only the mining companies access agreements.
- e) The right to have a mining operation shut down if the landowner believes and has evidence that environmental damage is occurring from the operation. This would include lowering of underground water tables to unsustainable levels and or loss of water supplies or water contamination as well as damage to soils above the ground.
- f) When a mining company has an access agreement with a landowner that agreement should also apply to all companies associated with the mining company as well as all subcontractors engaged to do work on the agreed land. If the original mining company sells all or part of the mining rights/ lease to a second or more parties then the original access agreement should still apply to the new owners right / lease.

g) The right to refuse access during and following wet weather if the farmer believes that such access will cause unnecessary damage to the landowner's access roads and pastures.

#### Water:

In relation to CSG mining, water is a crucial issue to landowners, towns and any business relying on a regular and safe supply. Any major reduction or loss of supply will have drastic impacts on their businesses. In particular the areas west of the Great Dividing Range rely heavily on underground aquifers for their water needs.

- a) There needs to be very stringent legislation to protect this resource.
- b) Mining companies must be able to prove and guarantee that no lowering of water tables or complete loss of water in landholder's water bores will occur before licences to mine gas are approved.
- c) Mining companies must be able to guarantee that no contamination of water supplies will occur during operations. This includes chemical contamination and leaking gas in water supplies. They must be able to clearly demonstrate this prior to a mining licence being approved.
- d) There is a clear need to have an independent Government Department to control and oversee the licence application process. After approval to mine is granted, if breaches occur, there must be legislation to prosecute mining companies for any loss of water or contamination of water. Landholders can be prosecuted for clearing their land of native vegetation, irrigators can be prosecuted for taking more than their water allocations allow and all landholders can be prosecuted for environmental contamination. Mining companies should be no different.
- e) If breaches do occur apart from prosecution, mining companies should also be required to cease mining and make good any damage.
- f) If a water bore drops in a mining area and does not recover to its original level within 7 days of mining being requested to cease work or if the bore dries up completely then the mining company should be required to locate and drill a new source of water of equal quality and quantity and connect to the existing infrastructure of the landholder.
- g) If a water source becomes contaminated with chemicals used in the mining process or undrinkable saline water occurs during or after mining operations cease the mining company should be prosecuted and made to locate a new water source of equal quality and quantity to the original source and also connect to existing landholder infrastructure. This should apply for at least seven years after mining operations have finished.
- h) If neighbouring properties to the one being mined encounter loss of water or contamination the same provisions (f and g above) should apply.

#### Risk

Due to the CSG industry being in its infancy in NSW there is very little in the way of Government legislation to protect landowner's rights or assets (soil and water) from the effects of this type of mining. At the moment landowners / farmers bear all risks and obtain no rewards. These risks include:-

- a) The loss of underground water supplies
- b) Water contamination by chemicals used in the mining process
- c) Water contamination with highly saline water caused by cross stream flows in the underground water table.

- d) Above ground water and land contamination with highly saline water pumped to the surface during mining operations. Some of this water can leach out of settling ponds and into underground streams. Equally during very wet periods this water can be washed out onto surrounding land and streams.
- e) The health risks associated with gas escaping from water bores as well as gas released from facilities used in the mining process.
- f) A reduction in the value of land where CSG mining takes place leading to banks wanting to reduce borrowing levels of the affected landowner to reflect the drop in values.
- g) The land will be unsaleable whilst mining operations are in process and if there was any loss of or contamination of underground water or land contamination which affected the production potential of the land it would still be unsaleable after mining operations had finished.
- h) A reduction in farm profits due to the invasive nature of CSG mining. This is particularly related to livestock enterprises where the safety and wellbeing of livestock will be compromised by the continuous movement of traffic and continuous noise of diesel generators running gas pumps. The production potential of livestock is closely related to their feed and water quality intake as well as their contentment level. Having strange vehicles, people and noises continuously will have a negative impact on their potential production.

#### Compensation:

As a general rule the open cut coal industry has mostly purchased landowners land prior to operations commencing and most land owners have been reasonably compensated. On the other hand underground coal mine operators have been less generous because they feel, rightly or wrongly that they are less invasive to those living above. Due to a lack of Government legislation to protect those above when their houses crack or water sources disappear because of subsidence the mining companies have managed to get away without paying any kind of compensation to affected people.

The CSG industry appears to be working on the same premise even although their surface operations will be more invasive than underground coal mines.

As is mentioned above the landowner bears all the risks associated with CSG mining and yet the compensation by the mining companies can only be described as pathetic. The Government must address this issue and create legislation that forces mining companies to compensate affected landholders where mining takes place as well as accepting that they have a responsibility to protect the land holder's environment and to not disrupt their ability to farm as they have in the past.

#### World's Best Practice :

The CSG industry will have us believe that their current methods are world's best practice and create few problems to landholders. Unfortunately this is not the case as experience has shown in the USA where this process of mining was introduced.

The Government should seriously question whether this form of gas mining is acceptable in NSW when all the potential risks are studied. Should there be more research into better ways of extracting gas from underground rather than blindly following the American way supposedly world's best practice.

Communication:

Much landholder hostility towards mining companies comes from the fact that mining companies are incredibly poor communicators. This stems from their arrogant belief that they are entitled to do anything and go anywhere because they have the mining exploration rights or mining approval given by NSW Industry and Investment.

There is a great need to improve Government legislation to ensure landowners rights are preserved when granting an exploration licence or a licence to mine to a mining company.

Time limits:

Because of the invasive nature of CSG mining there should be a time limit on all mining licences approved by NSW Industry and Investment. From the date when mining commences on a land holders land there should be a time period of no more than 3 years to allow extraction before the operation must cease and all mining equipment and infrastructure moved off the land.

The land must then be restored to its original state including replanting of pastures and restoration of any infrastructure including roads and fences.

Mining companies should not be allowed to disrupt people's lives indefinitely.