

Submission
No 737

INQUIRY INTO COAL SEAM GAS

Name: Name suppressed

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Partially Confidential

A modest submission to the

Coal Seam Gas Inquisition

I have read the EDO discussion paper on Mining laws in New South Wales (June 2011). I agree with their belief that the laws need an overhaul for normal mining practice, but CSG extraction is beyond normal extraction practice.

The American shale-methane industry can thrive where residents can demand \$15,000 per acre and 18-25% royalties; and shale fracking is really difficult. (wikipedia: Barnett Shale) It's not an industry that needs help from government, any more than pirates and cockroaches do. It's an industry that needs merciless hindrance, even in difficult areas.

Preamble to suggestion 1:

The CSG industry is currently covered by conventional "petroleum" exploration laws, which usually assume that a single large well-head is drilled, and that a site is **unique** and **high value**, and costs a lot to develop. CSG extraction is an ad-hoc, wide-area sort of pillaging, which needs to be covered by different legislation that gives land rights to thousands of exploited landholders.

Different types of gas extraction: (1) dry CSG, (2) wet CSG (3) "conventional gas" [sandstone], (4) their respective fracked versions, all require different numbers of wells, different drilling techniques, and refuse water treatment. This is unpredictable, both to affected landholders and to prospective land buyers.

In countries that have land rights, people sitting on a resource tend to benefit directly from it. CSG extraction activity, with no benefit to the landholders affected, other than laughable "compensation", can only devalue the affected land. Gas mining holds great stigma and anxiety for land purchasers.

There is also apparently no limit to the amount of private incursion a gas company can force, once it finds gas under your land, or in your area, so it's impossible to guess environmental, social or land price impacts ahead of time.

A gas company can also drill on the boundary of your land, and then burrow under you, using horizontal drilling, thereby avoiding “compensating” you at all, for an impact that may be worse than something you had negotiated.

Potential land purchasers will be deterred in a whole region, if they consider that there is a threat of being affected at a future date, by an unknown amount of activity, from an unknown type of gas extraction, with no fair compensation. The process is currently random and parasitic. Gas companies have been opaque about what they plan to do. Their pillaging plans change from month-to-month.

Suggestion 1a:

i) Landholders need the right to keep gas pillagers off their land. (Since gas is not a special rare resource, and gas companies are not Oxfam.)

ii) Landholders need to retain the right to control the extent and location of all intrusions onto their land (including the number of drill heads/ holding ponds and access tracks), even after signing an initial access agreement.

Suggestion 1b:

When a neighbour “sells out”, or a gas company purchases neighbouring land:

All landholders, who have been drilled under or near, should be compensated directly by the companies and State, according to predicted gas rate extraction (by radial proximity) and other impacts, such as noise, visual interference and land devaluation.

The compensation system should be designed to, at the very least, maintain land values such that it should be ample enough to attract/ fool property purchasers to consider that the CSG industry is a positive, no matter how much pillaging is done.

Making this perfectly clear: **a gas company that bores outside the border of your property is still extracting gas from under your property, damaging your land price, possibly wrecking your environment and being a nuisance.**

Postamble 1

Metgasco say that they have negotiated over 300 voluntary access deals, and that farmers have come up to them at shows and asked them for more wells. If that's the case, then gas companies should not need legislative help to walk on people. (We know, of course, that things don't go this peachy, once they get established.)

I can't think of anybody who would oppose a decent compensation/negotiation rationale.... Not governments, Not landholders, Not voters. (Oh, only pillagers would oppose it.)

Conclusion : Giving special land rights to the gas industry is like giving rights to pirates.

Preamble to suggestion 2:

The current situation where gas companies are considered “start up” by government, even though there is no rationale for considering the fossil fuel industry as a “start up”, has created a government mentality of giving handouts to them: low or zero royalties + permission to dupe and exploit landholders as if they are peasants.

It won't be long before this pretend “start up” is owned by 100 year old multinationals, and the gas industry is growing like a fungus all over everything. At this point, they will be entrenched, convinced of their entitlement to pillage without paying anybody, whining at any government royalty increases.

The landholders who have already been forced into laughable “compensation” agreements by government manipulation have no retrospective bargaining power.

Suggestion 2

Give landholders the right to break prior “agreements” that they were forced into, and be compensated properly. Gas companies will find it harder to whine to private owners than a government facing re-election.

Preamble to suggestion 3:

Gas companies are not terribly accountable to anyone or anything, being large companies that change CEOs like socks. They can change structure, and have the legal means and money to thwart any complaint, by stalling, threatening, political machinations and confidential settlements.

Suggestion 3:

Government, if extracting all the real money via royalties, should be responsible for footing the legal bill against gas companies who have damaged the environment and screwed over landholders.

By responsible, I mean: the government will be getting a billion dollars of royalties, so it WILL have the staff to handle a complaint. The department won't be understaffed and impotent.

Government should manage class actions, and make sure legislation is in place to pursue profiting individuals as well as corporate entities, who have done [the inevitable] reprehensible activities.

Where nobody can be found to fix a problem, government will foot the bill, since it created the problem and profited from it.