To: **IPC Commissioners**

Subject: **Narrabri Gas Project**

I wish to lodge my objection to the Narrabri Gas Project. The key points to my objection are outlined below:

Cumulative impacts cannot be adequately assessed

The Santos EIS discusses the use of the Western Slopes Pipeline as the means of transporting the gas from the field in Narrabri to the East Coast gas market. Although Santos' EIS was submitted in February 2017, to this day, there is still no sign of any EIS that describes the impacts associated with that proposed pipeline.

Now, I see in the meeting between Santos and the Commissioners, that Santos is also suggesting that it could use the Hunter Gas Pipeline as the means to transfer the gas to market. However, that pipeline does not intersect the Narrabri Gas Project gas field. So how is the community expected to understand what the cumulative impacts of this development are when there is no Western Slopes Pipeline EIS, and the suggested alternative pipeline does not intersect the Narrabri gas field?

If Santos uses the Hunter Gas Pipeline, then where is the pipeline to connect the field to the pipeline and when is the community going to have the opportunity to consider the cumulative impacts of all those developments?

The Department of Planning's approach in the proposed conditions is to limit Santos' operations to only appraisal drilling until a pipeline solution is in place. But this approach doesn't fully acknowledge the importance of the community's right to consider what the impacts of the complete development are. Or, in other words, how can someone come to the conclusion that the cumulative impacts are acceptable, when only a portion of the development is under consideration?

Doesn't this simply lead to an outcome where the Department of Planning approves the pipeline project because the gas field is already approved and it doesn't want to be left with a stranded gas field?

The development should not be approved (or at a minimum no drilling should be allowed) until Santos commits to which pipeline it intends to use and the community has had a right to consider the cumulative impacts of the proposals together.

Project economics are incomplete

The EIS project economics are based on the supply of up to 200TJ of gas a day to the east coast domestic gas market. Now, I don't know whether Santos can sustain that level of production over a meaningful period of time. But Santos has committed for 100% of this gas to go to the domestic market, which I applaud.

However, I see that during Santos' meeting with the Commissioners and previously in the media, that Santos is talking about an MOU with a fertiliser company, to be possibly located in Narrabri. Fertiliser plants use a lot of gas.

The Project economics has not taken into account a scenario that includes a major fertiliser plant being located in Narrabri and consuming somewhere in the order of 30-40 terrajoules of gas a day. In this scenario, the gas that would be consumed by the fertiliser plant is not available to be directed to the pipeline and therefore, the broader east coast gas market.

In an economic sense, the fertiliser plant is effectively eroding the economic value of the pipeline. If Santos proceeds with the local fertiliser plant option, which could consume around a quarter of its production, doesn't that put the economic viability of the pipeline at greater risk of failure for an already marginal Project?

And if the economic value of the pipeline is unviable, then Santos' views that its project will result in downward pressure on east coast domestic gas price is fundamentally flawed. It will actually put upward pressure on gas prices because it is simply supplying a new entrant to the market and is not serving the existing market. I imagine Santos will then argue it needs to develop other gas fields to support the economic viability of a pipeline.

The development should not be approved until Santos revises its EIS economic assessment to incorporate a scenario that includes the fertiliser plant's consumption and the wider economic costs and benefits are re-evaluated by the community and the IPC.

Groundwater

In the EIS, there seems to be a significant difference between the water production forecast for Santos' base case and then a massive jump to the worst-case scenario. Now I'm not a water person, and although the draft conditions show that Santos has to have the licenses for its base case secured, what happens in the event that the modelling is substantially wrong and Santos uses much more water than it predicts?

We have seen numerous times in the past that companies just go in and get the regulators to alter their views a couple of years down the track when the dust settles. Shouldn't Santos be required to obtain water licences for the worst-case scenario for each of those groundwaters from the outset? It is too late to change horses once the project is up and running and the impacts are realised.

Santos should be required to hold water licenses for its worst-case scenario for each groundwater source before any drilling commences. The IPC should make this decision. It should not be left for bureaucrats who face competing pressures on groundwater availability and demands between us the community, agriculture and industry.

Salt

Again, this is like the pipeline story. Santos has been operating this field for over 10 years now, and the EIS has been going through the assessment process for more than 3 years. Why is it that Santos still hasn't found a viable solution for its salt?

I find it a little cynical that as Santos is going through the IPC process, it signs an MOU with a soda ash company at the 11th hour. Also, if Australia did have a domestic soda ash

production industry and it went out of business due to overseas competition, then how are we expected to believe that this MOU option will result in a different outcome?

I don't know much about the soda ash industry, but it seems to me the domestic production would be easily forced out of the market, simply because of the economies of scale of the global suppliers.

In the absence of a soda ash solution, the concept that the crystallised salt produced during the life of the project will be able to be stored and prevented from being exposed to moisture and dissolving back into a brine at a landfill is hard to comprehend. The risks of the crystallised salt converting back to a brine at a landfill are quite significant.

Up in Queensland, CSG companies, have been allowed to store their brine in massive ponds for over 10 years since the CSG industry has been operating. What is to prevent Santos from taking the same approach here in NSW. The risk and exposure to NSW taxpayers is too great without a viable solution in place from the outset.

I read Professor Khan's (University of NSW) submissions on your website on this issue. I fully agree with him on his views about salt and how it should be addressed through this process.

The IPC should not approve this project (nor drilling be allowed to commence) until Santos has provided a firm and long-term commitment to reuse the salt.

At the very least, Santos should be required to identify to the IPC which landfill has committed to receive this volume of salt for the duration of the Project.

Santos should be required to build and operate the necessary crystallising infrastructure to process the brine that is produced during the appraisal stage (not just production) to avoid a situation where NSW taxpayers are left with the costly exercise of having to pick up the bill for the environmental liability if the appraisal stage proves to be uneconomic.

Thanks,

James Thompson