

# Coal seam gas projects face delay

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ALMOST \$30 billion worth of planned coal seam gas projects in Queensland have hit a snag, with the federal government asking Santos and BG to revise and resubmit their environmental impact statements.

The Environment Protection Minister, Peter Garrett, has written to both companies asking for extra information on water management strategies amid concerns by Queensland's Coordinator-General and local communities about the effect on the Great Artesian Basin, one of the only reliable sources of fresh water in inland Australia.

Mr Garrett has given Santos and BG until October 11 to submit a revised environmental impact statement, potentially pushing back a final investment decision that both companies had said would be made by the end of the year.

The letter follows a site trip to Gladstone and Curtis Island by Mr Garrett more than a week ago and meetings with BG and Santos about their projects, during which he expressed concerns about giving the projects the environmental green light.

The delay means the fate of investments likely to generate thousands of jobs in Queensland will not be known until after the election, which is expected before October.

The Treasurer, Wayne Swan, last night moved to reiterate the government's support for the \$50 billion liquefied natural gas industry in Queensland, one of the key battleground states in the election.

"It is well known that the Minister for Resources and I are two of the biggest supporters of the LNG industry in Queensland," he told BusinessDay.

"We are acutely aware of just how important this industry is for jobs, growth and the community - and recognise the need to get this resolved quickly.

"These are large and complex projects and whether we like it or not, we need to operate within the confines of the rules."

While BG and Santos say they still expect to make a final investment decision this year the latest events are a setback, particularly for BG, which was the closest to a decision on its \$20 billion project.

A spokesman for Mr Garrett said the extra time was needed to assess "areas identified as deficient in the Queensland Co-ordinator-General's report".

"This is the first coal seam gas LNG project that has been assessed under national environment law, and it's important that the potentially significant environmental impacts of this project on nationally protected matters are properly assessed."

Last month the Coordinator-General, Colin Jensen, expressed doubts after reading BG's 9000-page environmental submission.

"I am concerned regarding the potential for widespread, irreversible, serious environmental harm associated with the widespread application of highly saline and sodic water, due to the potential for movement of those salts and displaced clay particles, and hence long-term environmental impacts and economic loss consequences.

"I am concerned that the cost to future generations will be substantial should rehabilitation works associated with coal seam gas industry activities be ineffectively undertaken."

Mr Jensen had raised similar issues with Santos's 13,500-page submission on its \$8 billion project.

"I am concerned about the discharge of brine and effluent into Port Curtis," he said in May.

"The current Gladstone LNG proposal is not acceptable to the [Queensland] Department of Environment and Resource Management. The proponent has failed to consider the full range of utility infrastructure provision options."

The Queensland government has already given environmental approval, with conditions attached.

The state's Treasurer, Andrew Fraser, said he wanted the issue resolved expeditiously.

"This has already been a two-year, rigorous assessment process to ensure the highest environmental standards are met."

BG and Santos said they would deliver the requested information to Mr Garrett's office promptly.