



16 July 2014

Director of Assessment Policy Systems & Stakeholder Engagement
Department of Planning & Environment
GPO Box 39
SYDNEY NSW 2001

Online: www.planning.nsw.gov.au/proposals

Dear Director,

Re: Submission on changes proposed to the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007

We welcome the chance to comment on proposed changes to the *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007* (the Mining SEPP).

Cotton Australia is the peak body for Australia's cotton growing industry, supporting more than 650 cotton farming families in NSW. The average cotton farm provides jobs for 6.8 people and the Australian cotton crop for 2012/13 was worth almost \$2.3 billion. We foster a world class agricultural industry that's sustainable, valued for its economic and social contributions and produces a top quality product in demand around the globe.

It is noted the changes are of a minor nature, particularly the transitional arrangements for consideration of projects through the Gateway process. Notwithstanding the minor and administrative nature of the changes proposed, Cotton Australia is concerned at the erosion of the more than 3 kilometre (km) separation distance between coal seam gas (CSG) pilot wells currently within the SEPP.

Unfortunately, the proposal to 'clarify the application of State Significant Development criteria for CSG exploration wells' creates additional confusion and allows the 3 km distance to become much smaller and varied from pilot to pilot, depending on the different well spacing within individual exploration pilot sets. A situation where the distance between pilot wells in different areas is unable to be standard is clearly not intended by this change.

Part 2 of the Mining SEPP relates to what types of mining, petroleum production and extractive industries development is permissible, with and without consent. In section 7(2) the Mining SEPP lists one of the matters that require development consent as (emphasis added) the:

(f) *drilling or operating petroleum wells, not including:*

- (iii) *a set of 5 or fewer **wells that is more than 3 kilometres from any other petroleum well** (other than an abandoned petroleum well) in the same petroleum title*

COTTON AUSTRALIA LIMITED - A.B.N. 24 054 122 879
HEAD OFFICE - SUITE 4.01, 247 COWARD ST, MASCOT NSW 2020 AUSTRALIA
P: (02) 9669 5222 F: (02) 9669 5511

BRISBANE – LEVEL 6, 183 QUAY ST, BRISBANE QLD 4000A QLD 4350
NARRABRI – LEVEL 2, 2 LLOYD ST, NARRABRI NSW 2390
WWW.COTTONAUSTRALIA.COM.AU



This clause is within the Mining SEPP to prevent gas field development by stealth through pilots, particularly in situations where a gas company has consent to capture and on-sell the gas produced from a pilot. It also recognises that exploration activities are of a shorter timeframe and are therefore generally lesser in their potential impact than development activities. Given this context, the explicit mention of a 'more than 3 km' distance in the SEPP is critical.

To understand the impact that well spacing within a set of pilot wells has on the distances between pilot well sets, it is important to review different well spacing distance scenarios. It is acknowledged that well spacing at the pilot well exploration stage varies based on geology and is different to the final field development well spacing. The spacing details used here are for illustrative purposes only.

For example, by establishing the distance between two pilots at 3 km measured from the centre of the closest well of each pilot and then altering well spacing, the following closer than 3 km measurements result:

1. With the wells in both pilots spaced about 350 to 420 metres (m) apart, then a measurement from the geometric centre of each pilot (subject to the exact pilot orientation) is 3.42 km, which makes the pilots able to be around 420 m closer together. That is a total distance of only 2.6 kilometres instead of "more than 3 kilometres from any other petroleum well" stated in section 7(2)(f)(iii) of the Mining SEPP.
2. Now consider a situation where the spacing of wells within each pilot is widened to 1000 m apart, while still retaining 3 km distance between the two pilots, measured from the closest well of each pilot. A measurement between the geometric centres creates a distance of about 4.3 km, meaning the pilots could be 1300 m closer together, or 1.7 km apart.

The obvious solution to the varying distances generated by different well spacing within pilot well sets when measuring from the geographic centre of a set is to measure the 'more than 3 km' from the *"surveyed position of the closest well of each pilot"*.

The intent of the SEPP is to only allow minor, short term and lower impact exploration activities to occur without development consent. The suggested wording maintains this intent and limits the number of wells in close vicinity to one another.

Should your staff require any further information on these issues, please contact the undersigned on (02) 9669 5222 or at sbarry@cotton.org.au.

Yours sincerely,

Siobhan Barry
Policy Officer

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