

Guidelines for preparing CSG statements and addressing CSG assessment criteria

Petroleum and Gas (Production and Safety) Act 2004

Background

It's a requirement of a petroleum lease application or renewal application that overlaps the area of a **coal or oil shale mining tenement** (both exploration and production permits) that the application be accompanied by a **coal seam gas (CSG) statement**.

Section 306, *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act) outlines the content requirements for a CSG Statement. A CSG statement must also include relevant parts of a **proposed safety management plan** for all operating plant associated with the production of petroleum that may affect future safe and efficient mining of coal.

Additionally, a petroleum lease application that overlaps the area of a **coal or oil shale exploration tenement** is also required to be accompanied by other information that addresses the **CSG assessment criteria**, as outlined in section 305.

Objectives and use

The objectives of the CSG statement and CSG assessment criteria are to enable the decision maker to make informed decisions to determine:

- whether to grant or renew a petroleum lease
- the conditioning/provisions of any grant
- the acceptability of the development plan.

The CSG assessment criteria are specifically used when the Minister makes decisions in relation to:

- whether to give any preference to the development of coal or oil shale (section 319)
- in determining the provisions of the lease (section 328)
- in approving the development plan (section 383B).

The CSG statement may also be used in the making of those decisions. The CSG statement may also be used in deciding whether to grant a petroleum lease over land in the area of a coal or oil shale mining lease.

It covers some of the key issues within the CSG assessment criteria. If there is some overlap between the matters addressed in the CSG statement and the CSG assessment criteria, and both are required, there is no need for the information to be repeated as long as it is indicated by the applicant where the legislative requirement has been addressed.

Disclaimer

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Table 1 - Guide to content and scope for a CSG statement under the P&G Act

Legislative requirement	Information to be provided
Section 306	
<p><i>306(1)(a)(i) the CSG statement must assess the likely effect of proposed petroleum production on the future development of coal or oil shale resources from the land</i></p>	<ul style="list-style-type: none"> • Detail the likely interaction with, and its impact on, coal seams (seams to be intersected and where completion or production is proposed, scope and extent of proposed activities relative to the extent of the coal seam) • If future coal development is considered unlikely this can be stated along with the reasons for making such a statement • How any impact is going to be minimised (e.g. proposed operational procedures including well abandonment).
<p><i>306(1)(a)(ii) the technical and commercial feasibility of coordinated petroleum production and coal or oil shale mining from the land</i></p>	<ul style="list-style-type: none"> • Extent and outcome of any negotiations with relevant coal or oil shale mining tenement holders, particularly regarding a possible coordination arrangement • If no negotiation has been undertaken nor agreement reached, details on the potential for coordinated petroleum production with coal or oil shale mining should be outlined (e.g. discussions may be continuing; draft agreement may be in place but not signed); • Issues of timing of development of both resources should be discussed.

<p><i>306(1)(b) include a proposed safety management plan for all operating plant, or proposed operating plant, for proposed petroleum production under the lease that may affect possible future safe and efficient mining under the coal or oil shale mining lease. (See sections 388 and 675 of the Petroleum and Gas (Production and Safety) Act 2004)</i></p>	<ul style="list-style-type: none"> • Only the information in the safety management plan (SMP) for the relevant operating plant that may impact on future safe and efficient mining, has to be provided. This may include extracts from, or relevant sections of, the operator’s SMP • The requirement for risk assessment under section 675(e) should address potential impacts of activities on future safe and efficient coal or oil shale mining. Reference should be made to <i>Petroleum and Gas (Production and Safety) Regulation 2004</i> Schedule 4 (Coal seam gas potential hazard guide) • The requirement under section 675(f) should address matters related to coal and oil shale tenement holders (where relevant). • Other matters in section 675 that may be relevant include subsections: (a); (b); (c); (g); (i); (m); (n); (o); and (q) • A Principal Hazard Management Plan (PHMP) forms part of the SMP (section 674(5)). <p>The obligations on the applicant for the petroleum lease relating to the PHMP (section 705-705D) are directly relevant to any overlapping coal or oil shale mining tenement holder. While the PHMP may not have been developed at the time of making the petroleum lease application, some discussion should be provided about how such a plan may be developed and the issues it may address.</p>
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Table 2 - Guide to the information expected as part of CSG assessment criteria under the P&G Act

Legislative requirement	Information to be provided
<p><i>s.305(2)(a) The requirements of chapter 9 (Safety)</i></p>	<ul style="list-style-type: none"> • This should outline how the obligations under chapter 9 are to be addressed with regard to ensuring future safe and efficient coal or oil shale mining. In particular, the SMP requirements including the additional provisions under section 385-389; • If this is addressed in the CSG statement (as required by section 306(1)(b)) it should not be repeated but an appropriate reference to where the material can be found must be included.

<p><i>s.305(2)(b) & (c) the initial development plan requirements and the additional CSG initial development plan requirements under sections 380-383C</i></p>	<ul style="list-style-type: none"> • These matters should have been dealt with in the initial development plan lodged with the lease application. Additional information may be provided if desired to clarify or highlight particular matters. <p>Note: Much of the information in the additional CSG requirements is similar to that required in the CSG statement and may have already been addressed in that statement. If this is addressed in the CSG statement (as required by section 306(1)(b)) it should not be repeated but an appropriate reference to where the material can be found must be included.</p>
<p><i>s.305(2)(d) the legitimate business interests of the applicant and the coal or oil shale exploration tenement holder (the parties)</i></p>	<ul style="list-style-type: none"> • Sufficient information should be provided to justify the proposed nature and extent of activities on the lease. This may include: <ul style="list-style-type: none"> ○ contractual obligations – e.g. when coal or petroleum is required to be produced; ○ the effect on, and use of, existing infrastructure or mining or production facilities. For example, indicate if either resource is linked to an existing operation and is critical to the continuance of that operation and to the efficient use of capital/infrastructure related to that operation. ○ exploration expenditure on relevant overlapping tenures.
<p><i>s.305(2)(e) the effect of the proposed petroleum lease on the future development of coal or oil shale resources from the land, including for example, each of the following:</i></p>	
<p><i>(i) the proposed timing and rate of petroleum production and the development of coal or oil shale resources from the land;</i></p>	<ul style="list-style-type: none"> • This information should have been included in the initial development plan. Further reference is only required, if desired, to highlight the compatibility or otherwise of the proposed development with the development of coal or oil shale resource.
<p><i>(ii) the potential for the parties to make a co-ordination arrangement about the matters in 305(2)(e)(ii)(A)-(B)</i></p>	<ul style="list-style-type: none"> • If this information has already been discussed in the CSG statement, there is no need for the information to be repeated here, but an appropriate reference to where the material can be found must be included.
<p><i>(iv) the economic and technical viability of the concurrent or coordinated petroleum production and the development of any coal or oil shale resources in the land</i></p>	<ul style="list-style-type: none"> • If this information has already been discussed in the CSG statement, there is no need for the information to be repeated here, but an appropriate reference to where the material can be found must be included.

<p><i>(v) the extent, nature and value of petroleum production and the development of any coal or oil shale resources in the land;</i></p>	<ul style="list-style-type: none"> • The information that must be provided here should pertain to petroleum production. • It is recognised that what information is known with respect to the development of any coal or oil shale resources may be limited.
<p><i>s.305(2)(f) the public interest in petroleum production from, and the development of any coal or oil shale resources in, the land, having regard to the public interest.</i></p>	<ul style="list-style-type: none"> • Note: The public interest is defined in “Schedule 2 Dictionary” of the of the <i>Petroleum and Gas (Production and Safety) Act 2004</i> and information should be provided against each of the criteria¹ • Essentially the information relates to the benefits and impacts of the proposed petroleum development relative to other development/resources.

¹ **The Public Interest** means a consideration of each of the following— (a) government policy; (b) value of commodity production (including time value); (c) employment creation; (d) total return to the State and to Australia (including royalty and rent), assessed on both a direct and indirect basis, so that, for example, downstream value adding is included; (e) social impacts; (f) the overall economic benefit for the State, or a part of the State, in the short and long term.