



17 July 2015

The Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
By email: ec.sen@aph.gov.au

Dear Committee Secretary,

AGL supplementary submission on Landholders' Rights to Refuse (Gas and Coal) Bill 2015

We refer to your letter to AGL Energy (AGL) dated 19 June 2015 from Christine McDonald, Secretary of Environment and Communications Legislation Committee, inviting AGL to respond to two submissions received in relation to the Landholders' Right to Refuse (Gas and Coal) Bill 2015 from Quentin and Kirsty Kelly and Sharyn Munro from the Bimblebox Alliance Inc.

In making this supplementary submission, we also refer to (and rely upon) the comments made in our initial submission to you, dated 29 May 2015.

AGL make the following comments in relation to the two submissions:

Ms Sharyn Munro, The Bimblebox Alliance Inc

In her submission, Ms Munro states that "Now AGL has fracked four pilot wells there, with a litany of resulting disasters and breaches and coverups already" (at page 4 of the submission).

Between 20 October and 28 November 2014, AGL hydraulically fractured four natural gas wells, originally drilled in 2012, as part of the Waukivory Pilot of the Gloucester Gas Project. The hydraulic fracturing and subsequent flaring of these wells will provide AGL with information about the gas and water resources of the Gloucester Basin as well as fulfil conditions of our petroleum exploration licence and EPBC Act approval.

During the hydraulic fracturing process, AGL hosted 14 separate regulator inspections. Regulators included the NSW Office of Coal Seam Gas (OCSG), NSW Environment Protection Authority (EPA), NSW Department of Resources and Energy - Division of Resources and Energy (DRE) and NSW Office of Water (NoW). No environmental incidents causing or threatening material harm to the environment were identified during the Waukivory Pilot Program, and no breaches of approvals were identified.

AGL voluntarily suspended pilot production testing at the Waukivory Pilot site in January 2015, after trace quantities of BTEX (benzene, toluene, ethylene and xylene) chemicals were detected in samples of flowback water from two of the four wells. All of this flowback water was contained within the wells and an above-ground storage tank at Waukivory. No flowback water has come into contact with local surface or groundwater.

Investigations by DRE as well as the EPA subsequently confirmed that there was no breach of licence conditions and no harm to the environment, and that the BTEX detected was naturally occurring. The DRE investigation also stated that "there was no evidence of BTEX being detected in aquifers close

to the surface". Both investigations confirmed that no BTEX was used in any fracture stimulation fluid during the hydraulic fracturing process last year, which is consistent with public statements that AGL made at the time.

In the course of their investigations the DRE also accepted an independent assessment by Environmental Risk Sciences (EnRiskS), commissioned by AGL, which assessed whether BTEX levels in the local air from the storage and handling of flowback water posed human or environmental risk. This report found that there is no potential for harm to human health and that predicted BTEX levels are similar to, or below, levels commonly present in indoor air including in houses, shopping centres, or on pathways next to roads.

The EPA also investigated the detection of chemicals MEB (a thickening agent) and THPS (an algaecide) in flowback water and found the levels were "low and unlikely to pose any risk to human health or the environment". They found these "occur naturally and it is unlikely that these detections were a result of hydraulic fracturing activities".

Quentin and Kirsty Kelly

In their submission, the Kellys make reference to AGL, stating that AGL "unlawfully dumped produced water containing biocides in a waste water facility" and thus "cannot ensure other environmental incidents will not occur and they cannot be trusted to inform the public or governing bodies when they occur" (at page 6 of the submission).

AGL is required to transport flowback water from the Waukivory Pilot Project to an appropriately licensed facility for treatment and disposal.

In late 2014, AGL engaged Transpacific Industries Group (TPI) to lawfully treat and dispose of this water at its EPA-licensed Kooragang Island facility under its trade waste agreement with Hunter Water.

Hunter Water subsequently declined to take treated flowback from TPI. As far as AGL is aware, there is no justification for claims that AGL's flowback water was inappropriately disposed of.

Further, the EPA investigated the arrangements between AGL and TPI and in their report "determined that there has been no breach of environmental legislation or environment protection licences by AGL or Transpacific in relation to this matter".

On June 26 2015 AGL has engaged Toxfree Solutions, one of Australia's major waste management service providers, to transport and treat flowback water at its licensed facility, and subsequently lawfully dispose of the treated water. The flowback water will be taken to Toxfree's Narangba plant in Brisbane's north for treatment to the standards set by the Queensland Department of Environment and Heritage Protection and Toxfree's trade waste agreement.

AGL takes its environmental and reporting conditions with the utmost seriousness, as is illustrated by our responses to the Bimblebox Alliance above and highlighted in our initial submission.

AGL is grateful for the opportunity to make these further comments and if you should have any questions or require further comments, please contact myself on _____ or _____

Yours sincerely,

Suzanne Westgate
Head of Land and Approvals
AGL Energy Limited