

FACT SHEET

Rehabilitation of gas sites in NSW

June 2016

The NSW Government imposes strict conditions on petroleum title holders to protect the environment and people of NSW and ensure the safe and sustainable development of natural resources.

The following information outlines the process of rehabilitation that is expected of any company undertaking gas exploration or production.



What is rehabilitation?

Rehabilitation is the responsible remediation of impacted land throughout the entire life-cycle of a gas exploration and production site.

Natural resource rehabilitation standards are contained in legislation in NSW and cover exploration, production and decommissioning stages.

Rehabilitation can take many forms, and may include

- removal of infrastructure
- decommissioning of wells
- landscaping/contouring
- revegetation works.

The focus is typically on supporting future land uses and may require the re-establishment of specific ecosystems, or returning the land to previous use, such as grazing, cropping or recreational use. In all instances, final landforms must be safe and useable for future generations.

Who is responsible for rehabilitation?

The title holder is responsible for the full rehabilitation of its exploration and production sites.

The Division of Resources and Energy (DRE), in consultation with experts from other agencies, (including Department of Planning (DPE) and Environment Protection Authority (EPA)), is responsible for setting rehabilitation conditions, approving activities, and regularly reviewing security bonds held.

Definitions	
Petroleum	Includes oil, conventional and unconventional gas including coal seam, tight and shale gas
Petroleum title	Exploration and production approvals issued to companies
Title holder	A company or individual that holds a petroleum title. Ownership of titles can change and new owners are obliged to meet all conditions of the title.
Security bonds	Cash or AAA rated financial bonds held by NSW Government that cover the cost of site rehabilitation.
Decommissioning	Permanently sealing off a gas well. Decommissioning of wells is a part of site rehabilitation.

The EPA as the lead regulator for gas activities, excluding work health and safety matters, assesses compliance against these and other conditions.

If a title holder is found not to be meeting their rehabilitation requirements they can be fined and/or prosecuted by the EPA.

What are the different stages of rehabilitation?

The rehabilitation of gas sites in NSW is assessed and regulated by DPE, DRE and EPA following the process outlined below.

Application for a petroleum title

Companies must submit detailed applications to DRE that include geological reports, operation plans, rehabilitation objectives and criteria which sets out the proposed activities, environmental impacts, and rehabilitation methods for the life of the gas site.

These applications are subject to a detailed assessment by DRE, with input from other agencies. Once satisfied, rehabilitation conditions are attached to the exploration and/or production approval. The conditions ensure works are undertaken to manage risks and achieve sustainable rehabilitation outcomes.

Security bond

A titleholder must lodge a rehabilitation security bond with DRE to cover the full cost of rehabilitation activities. The security bond is calculated on the potential rehabilitation costs and held as a condition of title.

The security bond is required to be put into place prior to the commencement of any exploration or production and is continually adjusted to reflect the actual rehabilitation liability throughout the life of a gas site.

Where a gas exploration or production site is proposed to be transferred to another company, the security bond must be in place before DRE will approve the lease transfer.

Security bonds remain with the NSW Government at all times, even if the company owning the title goes into liquidation.

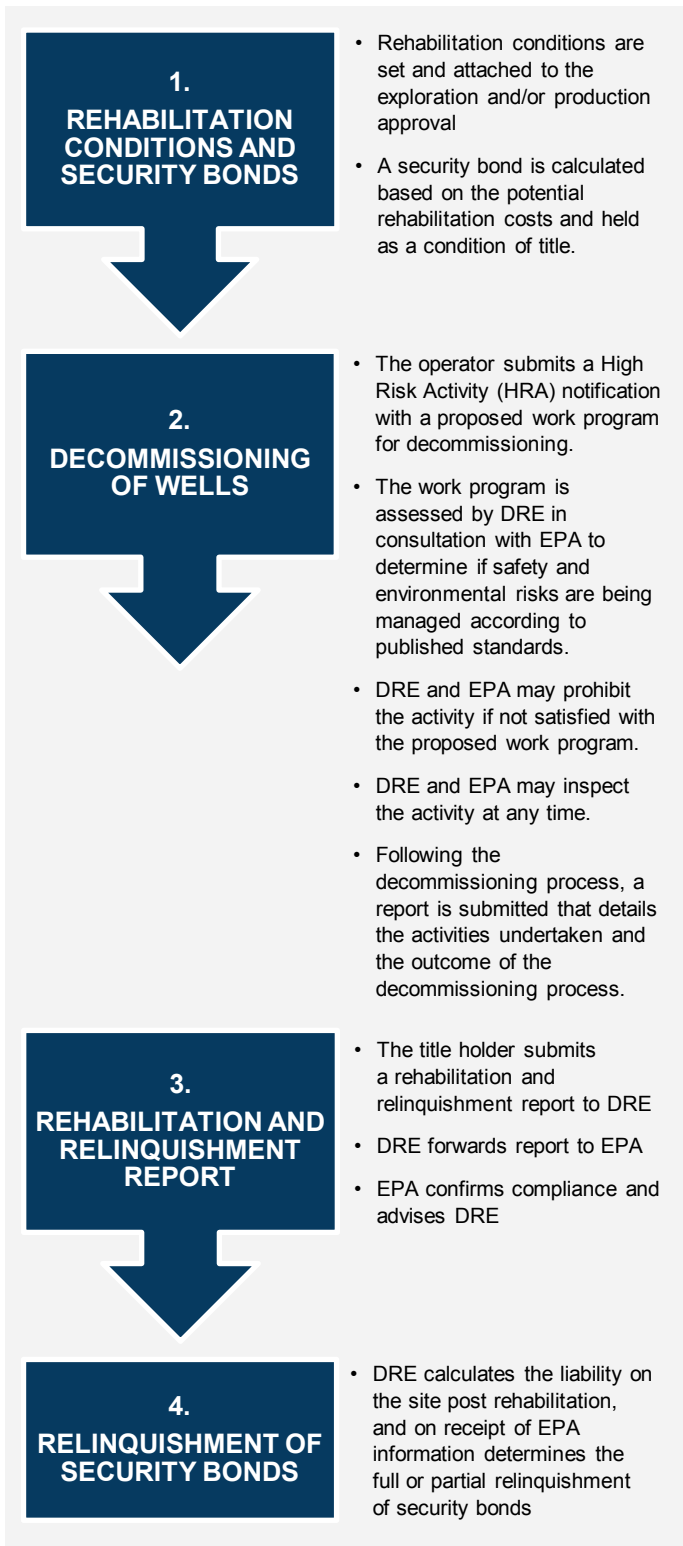
A release of the security bond is contingent on the title holder demonstrating that the required rehabilitation objectives and completion criteria have been met.

Environment Protection Licence

Title holders are also required to hold an Environment Protection Licence (EPL) for both exploration and production activities. EPLs are issued by the EPA and contain conditions that relate to pollution prevention, monitoring and cleaner production.

A maximum penalty of up to \$1.1 million can be imposed on any company found to be breaching its EPL. Companies that fail to inform the EPA of a serious incident can also be prosecuted.





Ongoing reporting and compliance

Petroleum exploration and production titleholders are required to provide annual and final reports to DRE on rehabilitation. These reports are assessed by DRE and the EPA to ensure title holders are meeting approval and statutory requirements.

Based on these annual reports, as well as site visits, DRE may adjust a title holder's security bond so that it reflects the actual rehabilitation liability of a gas site.

Title holders are subject to regular inspections by the EPA and DRE to ensure they are compliant with statutory requirements, and the conditions attached to their title and EPL. DRE also has the power to suspend or cancel a petroleum title for serious breaches of the legislation.

Decommissioning program

A gas site can be decommissioned at any stage of exploration or production activity. The titleholder must submit a High Risk Activity (HRA) notification to DRE with a proposed work program for decommissioning. The work program is assessed by the DRE in consultation with the EPA to determine if safety and environmental risks are being managed according to published standards. The DRE and EPA may prohibit the activity if not satisfied with the proposed work program and may inspect the activity at any time.

Following the decommissioning process, a report is submitted that details the activities undertaken and the outcome of the decommissioning process. The EPA then inspects the site to confirm rehabilitation has been fully undertaken before DRE then release the security bond.

Contact

NSW Environment Protection Authority

The **EPA Environment Line 131 555** is the primary contact for gas exploration and production, and compliance issues. A member of the EPA Gas Regulation Branch will talk you through the process and discuss any issues you may have.

More information

- **NSW State of the Environment 2015**
<http://www.epa.nsw.gov.au/resources/epa/MOU-reg-gas-industries-nsw-signed-august%202015.pdf>
- **Gas industry in NSW**
<http://www.epa.nsw.gov.au/licensing/gas-industry-nsw.htm>
- **Compliance and enforcement of the gas industry in NSW**
<http://www.epa.nsw.gov.au/licensing/compliance-enforcement.htm>
- **Environmental policies, guidelines, forms and templates**
<http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/rules-and-forms/pgf>
- **Codes of Practice**
<http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/codes-and-guidelines/codes-of-practice/>
- **NSW Gas Plan**
<http://www.resourcesandenergy.nsw.gov.au/energy-supply-industry/legislation-and-policy/nsw-gas-plan>
- **Exploration Code of Practice: Rehabilitation**
<http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/codes-and-guidelines/codes-of-practice/rehabilitation>
- **Exploration Code of Practice: Environmental Management** <http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/codes-and-guidelines/codes-of-practice/environmental-management>
- **Code of Practice for Coal Seam Gas Well Integrity**
<http://www.resourcesandenergy.nsw.gov.au/landholders-and-community/coal-seam-gas/codes-and-policies/code-of-practice-for-coal-seam-gas-well-integrity>