



Department of
**Environment and
Heritage Protection**

13 May 2013

s.73 - Non responsive information

Arrow Energy Pty Ltd
Level 19, AM-60
42-60 Albert Street
Brisbane QLD 4001

Also by email: [REDACTED]

Dear [REDACTED]

Request for documents in relation to environmental authority PEN100449509

I refer to the submission of documents by Arrow Energy Pty Ltd in response to the letter from the Department of Environment and Heritage Protection (EHP) dated 18 December 2012.

As previously advised two of the requested documents remain outstanding. These documents are:

- Condition C16 of PEN100449508 - As constructed dam design drawings for the Tipton West Feed, Treated, Brine and Utility Dams; and
- Condition D17 of PEN100449508 - Details of all significant disturbances to land undertaken within 200 metres or in a Category B or category C environmentally sensitive area and a record of the assessment.

These outstanding documents must be provided to EHP by close of business on **Friday 17 May 2013**. Original documents or copies of the original documents should be posted to:

Department of Environment and Heritage Protection
GPO Box 2454
BRISBANE QLD 4001
Attention: Mark Venz, Director, Energy Assessment

Level 7
400 George Street Brisbane
GPO Box 2454 Brisbane
Queensland 4001 Australia
Telephone + 61 7 3330 5534
Facsimile + 61 7 3330 5634
Website www.ehp.qld.gov.au
ABN 46 640 294 485

If Arrow Energy Pty Ltd elects to post original documents EHP will make a copy of the documents and return the original documents to Arrow Energy Pty Ltd.

Should you have any further queries, please contact Bianca Voges-Haug on telephone (07) 3330 5551.

Yours sincerely,

sch4p4(6) Personal information

Rebecca McAuley
Manager, Energy Assessment
Department of Environment and Heritage Protection

EHP RTI DL Release



Queensland
Government

Department of
**Environment and
Heritage Protection**

18 December 2012

s.73 - Non responsive information

Arrow Energy Pty Ltd
Level 19, AM-60
42-60 Albert Street
Brisbane QLD 4001

Also by email:

Dear

The Department of Environment and Heritage Protection has recently published its CSG/LNG Compliance Plan for the 2012 to 2013 financial year.

Consistent with the plan and the Department's Regulatory Strategy (**enclosed**), the Department is concerned to ensure compliance with the conditions of environmental authorities as a key aspect of Chapter 5A activity regulation.

I write to advise that as part of its compliance program, the Department has decided to conduct a Level C Inspection on Environmental Authority PEN100449509.

In general terms, 'Level C' inspections involve a detailed assessment of the performance of a site, compared against approval conditions and other requirements and obligations.

The inspection will occur in two stages. The first stage will involve the Department requiring, pursuant to the environmental authority, the provision of particular documents required to be held under the environmental authority. The second stage will involve a site inspection.

This letter concerns the first stage.

Conditions (A22) and (A23) of Environmental Authority PEN100449509 provides that:

'All records and results required by the conditions of this environmental authority must be kept for a minimum of five (5) years.'

All documentation required by this environmental authority (including but not limited to plans, systems, programs, procedures, results of audits, assessments, monitoring, inspections and complaint records) must be made available to the administering authority upon request.'

To assist in the planning and scoping of the inspection, the Department requests the following information:

- site details, such as maps, aerial photographs and process descriptions;
- details of the company structure, directors and other executive officers;
- technical information about the processes and operations carried out under the environmental authority;
- operating manuals, plans and procedures; and
- company environmental policies and guidelines.

In addition, please find **enclosed** a document containing a table setting out various documents which are required to be held under the environmental authority.

In accordance with conditions A22 and A23 of Environmental Authority PEN100449509, I request that the documents set out in the table be provided to me.

In order to minimise the regulatory burden on Arrow Energy Pty Ltd the Department has decided not to require immediate provision of the documents, and while the Department considers that a period of two weeks might ordinarily provide a reasonable opportunity to comply with the request, the Department has decided, with the onset of the Christmas – New Year period, to permit a longer period for compliance.

As a consequence, I advise that the documents must be provided to the Department by close of business on **Friday 8 February 2013** unless the Department has agreed, in writing, to an extension. If Arrow Energy Pty Ltd is of the view that 8 February 2013 does not provide a reasonable period of time within which to comply, Arrow Energy Pty Ltd must advise the Department in writing by Friday 11 January 2013 of its concern together with a request for an extension of time.

Following the completion by the Department of the desktop inspection, the Department will advise its intention with respect to any site inspection.

Original documents or certified copies of the original documents should be posted to:

Department of Environment and Heritage Protection
GPO Box 2454
BRISBANE QLD 4001

Attention: Mark Venz, Director, Energy Assessment

If Arrow Energy Pty Ltd elects to post original documents, the Department will make a copy of the documents and return the original documents to Arrow Energy Pty Ltd.

Arrow Energy Pty Ltd is reminded that section 430 of the *Environmental Protection Act 1994* makes it an offence to contravene a condition of an environmental authority.

We look forward to receiving the requested documents.

Should you have any further queries, please contact me on telephone (07) 3330 5683.

Yours sincerely

sch4p4(6) Personal information

Kate Wall
Manager

Enc

CSG/LNG Compliance Plan 2012/2013

Regulatory Strategy

Desktop Assessment table



Department of
**Environment and
Heritage Protection**

7 June 2013

s.73 - Non responsive information

Compliance and Assurance Manager
Arrow Energy Pty Ltd
GPO Box 5262
BRISBANE QLD 4001

Also by email: [REDACTED]

Dear [REDACTED]

Thank you for your email dated 17 May 2013 concerning the 'As Constructed' Dam Design Drawings (as per Condition C16) required for the Level C Audit we are conducting upon the Dalby Expansion Project (DXP) PEN100449508.

The Department of Environment and Heritage Protection (EHP) received these drawings on the 3 June 2013 in an email containing two parts. Thank you for your cooperation and for providing us with further details to assist with the Level C Audit.

Furthermore EHP received the email dated 13 May 2013 which concerned the 'Details of all significant disturbances' as per Condition D17 of PEN100449508. EHP is aware that these documents were sent in previously on the 22 February 2013 and acknowledges the miscommunication on our behalf.

The desktop assessment component of the Level C Audit has now been completed and we will be in contact as soon as possible to arrange the on-site inspection for PEN100449508.

Should you have any further enquiries, please do not hesitate to contact Bianca Voges-Haug, Environmental Officer of the department on telephone (07) 3330 5551.

Yours sincerely,

[REDACTED]
sch4p4(6) Personal information

Rebecca McAuley
Manager, Energy Assessment
Department of Environment and Heritage Protection

Level 7
400 George Street Brisbane
GPO Box 2454 Brisbane
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ABN 46 640 294 485

CSG/LNG Compliance Plan

2012-13

EHP RTI DL Release

Prepared by: Energy Resources and Enforcement Branch of the Environmental Services and Regulation Division, Department of Environment and Heritage Protection

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November 2012

Foreword

The Department of Environment and Heritage Protection (EHP) protects the health of Queensland's environment, landscapes and waterways, and acts as a strong environmental regulator which supports the sustainable long-term economic development of the state.

In fulfilling this role, the department is committed to managing and monitoring potential environmental risks through a targeted and transparent approach to compliance.

The development of the CSG/LNG Compliance Plan 2012-13 is in response to the ongoing expansion of the coal seam gas (CSG) to liquefied natural gas (LNG) industry in Queensland and the department's commitment to ensuring that the environmental impacts of this industry are appropriately and effectively managed.

The implementation of this compliance plan is within the robust regulatory and legislative framework that has been established to manage the environmental impacts of the CSG to LNG industry.

This framework includes ensuring that operators understand their environmental obligations, encouraging industry to voluntarily comply with their environmental obligations, as well as implementing strong compliance and enforcement activities which act as a deterrent to non-compliance.

In 2012-13 the department's compliance focus for the CSG to LNG industry will be on pipeline construction and water management. This is in line with the industry's construction, operational and rehabilitation phase. It also includes a new emphasis on the appropriate management of CSG waste at waste disposal facilities, as well as annual returns for environmental authorities.

The department's approach to compliance underpins EHP's goal to be an agency against which other Australian states benchmark themselves for the emerging CSG to LNG industry.

The plan provides industry, and the general community, with access to compliance information. It also underlines transparency and consistency in the department's decision making process for compliance and enforcement activities.

In addition, this compliance plan for the CSG to LNG industry provides assurance to the community that appropriate environmental management of this expanding industry will protect Queensland's environment, land and waterways.

Andrew Chesterman
Director-General

Contents

Foreword.....	iii
Introduction	1
Issues and focus areas	1
Compliance issues	1
Focus areas	1
Legislative scope	3
<i>Environmental Protection Act 1994</i>	3
<i>Water Act 2000</i> (limited to Chapter 3 only)	3
<i>Waste Reduction and Recycling Act 2011</i>	4
<i>Coastal Protection and Management Act 1995</i>	5
<i>Nature Conservation Act 1992</i>	5
<i>Environmental Protection and Biodiversity Conservation Act 1999</i> (Commonwealth).....	5
Compliance activities 2012-13.....	6
Level 1 activities	6
Level 2 activities	6
Construction phase of CSG-LNG activities	6
Bore monitoring	7
Groundwater monitoring.....	7
Chapter 3 <i>Water Act 2000</i> activities	7
Monitoring hydraulic stimulation, including use of fracking chemicals	7
Beneficial use approval (BUA) monitoring.....	7
Regulated and evaporated dams	7
Waste stream tracking.....	7
Annual returns for environmental authorities.....	8
Schedule of compliance inspections 2012-13	9

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Introduction

The coal seam gas (CSG) to liquefied natural gas (LNG) industry in Queensland is continuing to rapidly expand.

To ensure the environmental impacts of the growing industry are appropriately and effectively managed, the Department of Environment and Heritage Protection (EHP) has developed a robust regulatory and legislative framework.

The department's approach is to encourage voluntary compliance with environmental obligations. It does this by actively engaging with companies and individuals subject to environmental regulation through activities such as education and awareness-raising, as well as by conducting inspections. These activities are complemented by compliance and enforcement activities designed to act as a deterrent to legislative non-compliance.

The CSG/LNG Compliance Plan outlines how the government ensures CSG to LNG companies comply with their regulatory and legislative obligations.

It provides an overview of the strategies, key focus areas and priorities, legislative scope and industry activities to be targeted for compliance in 2012-13. The specific compliance inspections to be undertaken by departmental staff, including frequency and expected outcomes, are also included.

The plan has been developed in conjunction with the department's Annual Compliance Plan, Compliance Strategy and Enforcement Guidelines. Through it, the department aims to:

- ensure industry operators understand their obligations under Queensland law
- encourage industry operators to voluntarily comply with these obligations
- work with government, business, industry and the community to improve performance
- take a consistent approach to non-compliance and to deter further non-compliance
- ensure public and stakeholder confidence in the transparency and effectiveness of the regulatory framework and
- respond to and investigate community concerns and intelligence received regarding industry operators and activities.

Issues and focus areas

Compliance issues

Each year there are ongoing or new and emerging issues in the CSG to LNG industry to be addressed when it comes to regulation and compliance. For 2012-13, the department has identified the following broad compliance issues as a priority:

- management of CSG dams and residual salt
- management and monitoring of CSG impacts on bores, aquifers and springs
- management and correct disposal of waste products including CSG water
- rehabilitation of decommissioned CSG evaporation dams
- sediment and erosion control at CSG and LNG development sites
- management and monitoring of LNG development impacts on marine values
- acid sulphate soil management relating to the construction of CSG and LNG infrastructure and
- providing better understanding of hydraulic stimulation and stimulation flowback risks and practices.

Focus areas

Within these issues, there are specific activities to be targeted for compliance in 2012-13. These areas have been identified after analysis of 2011 industry development and incident, complaint and compliance data. They include:

- management and monitoring of impacts of groundwater extraction on bores, aquifers and springs
- production and management of CSG water
- fracking activities

- general level 1 and level 2 activities and
- construction of pipelines and LNG facilities.

Pipeline construction and water management in particular are a focus. This is due to the construction, operational and rehabilitation phases of the CSG field component being established through the project areas to meet the ongoing demand for the establishment of LNG facilities in Gladstone.

Pipeline construction

The construction phase of pipelines involves the clearing of vegetation in order to construct infrastructure. Vegetation clearing has a number of environmental and other impacts, including erosion and sediment issues and land access issues. There is also a need to ensure unauthorised clearing of protected vegetation is prevented.

As a result the department has set commitments to ensure inspections of the construction phase of CSG to LNG activities—and also of pipeline construction—are undertaken, with particular focus on Curtis Island and The Narrows.

Water management

The department has a strong legislative framework in place to ensure the adequate management of water at all stages of the CSG-LNG process.

Groundwater impacts are monitored, and the monitoring techniques are subject to inspection. Companies are required to submit baseline assessment plans and underground water impact reports, as a requirement of Chapter 3 of the *Water Act 2000*. Further, companies are required to obtain beneficial use approvals to be able to recycle CSG waste water for beneficial use.

With particular emphasis on beneficial use, CSG companies have indicated that they will manage associated water using storage and treatment dams, injection, discharge to surface waters and transportation to waste facilities.

Desktop inspections undertaken by EHP staff will review all documentation submitted to the department regarding water management, and site inspections will be conducted where necessary to ensure compliance.

Further, the introduction of waste stream tracking as a commitment in the 2012-13 Compliance Plan will ensure that all areas of water management are complied with.

EHP RTI DL/12/521

Legislative scope

The department's compliance activities are designed to ensure industry adheres to the requirements of the following legislation:

- *Environmental Protection Act 1994*
- *Water Act 2000* (limited to Chapter 3 only)
- *Waste Reduction and Recycling Act 2011*
- *Coastal Protection and Management Act 1995*
- *Nature Conservation Act 1992*
- *Environmental Protection and Biodiversity Conservation Act 1999* (Commonwealth)

Environmental Protection Act 1994

The *Environmental Protection Act 1994* (EP Act) regulates the environmental impacts of the CSG to LNG industry through statutory requirements and a licensing framework. All CSG and LNG operators are subject to rigorous environmental assessment processes and must be issued an environmental authority (EA) from EHP before commencing operations. EA holders are required to operate under strict environmental conditions to prevent environmental harm being caused or threatened.

CSG and LNG activities are divided into two categories under the EP Act (under Chapter 5A), each with different obligations:

- Level 1 activities have higher environmental risk associated with the activity. Companies undertaking such activities are required to develop an Environmental Management Plan (EMP) which identifies the potential impacts on the surrounding environment and how these will be managed to complement the EA application process. Level 1 activities (relevant to CSG and LNG) are outlined below.

Level 1 Chapter 5A activities**

1. Activities under a Greenhouse Gas (GHG) injection and storage lease under the *Greenhouse Gas Storage Act 2009*.
2. A petroleum activity authorised under the *Petroleum (Submerged Lands) Act 1982*.
3. A petroleum activity that is likely to have a significant impact on a category A or B environmentally sensitive area.
4. Extending an existing pipeline by more than 150 kilometres (km) under a petroleum authority.
5. Constructing a new pipeline of more than 150 km under a petroleum authority.
6. A petroleum activity carried out on a site containing a high hazard dam or a significant hazard dam.
7. A petroleum activity involving injection of a waste fluid into a natural underground reservoir or aquifer.

**Located in Schedule 5 – Environmental Protection Regulation 2008

- Level 2 activities have lower environmental risk associated with the activity, and do not fall into the above category.

Water Act 2000 (limited to Chapter 3 only)

Chapter 3 of the *Water Act 2000* provides for the management of impacts on underground water caused by the extraction of groundwater by CSG activities.

The Act provides a framework for managing the impacts of petroleum tenure holders on underground water and natural springs. This framework is specifically designed to progressively build a comprehensive understanding of the impacts of petroleum activities on groundwater and natural springs, and to facilitate the implementation of make good arrangements for water supply bores.

The main requirements of Chapter 3 for petroleum tenure holders are:

- Preparing baseline assessment plans (BAPs).
 - BAPs are to be prepared by all petroleum tenure holders to set out a strategy for undertaking baseline

assessments of all water bores in a tenure area.

- The requirements for a BAP include identifying priority areas for undertaking baseline assessments across the area of the tenure.
- The plan also needs to identify any water bores for which the petroleum tenure holder has already undertaken a baseline assessment or equivalent and the date by which the petroleum tenure holder will have completed all of the baseline assessments in each priority area.
- Preparing underground water impact reports (UWIRs).
 - The purpose of an UWIR is to model, make predictions and manage the impacts of extraction of underground water by petroleum tenure holders (including CSG tenure holders).
 - UWIRs establish responsibilities for petroleum tenure holders and ensure measures and programs are in place to respond to impacts on underground water.
 - UWIRs also establish the requirements for petroleum tenure holders to make good any impairment of water supply bores and to mitigate impacts on natural springs.
 - A UWIR must be prepared by the Queensland Water Commission for any declared cumulative management area or by the relevant petroleum tenure holder for any other area. In accordance with the *Water Act 2000* the UWIR must contain certain information, including a spring impact management strategy and a water monitoring strategy.
- Carrying out the requirements outlined in approved BAPs and UWIRs.

Waste Reduction and Recycling Act 2011

The *Waste Reduction and Recycling Act 2011* sets out a framework for prioritising waste management practices to achieve the best environmental outcome.

The hierarchy of waste and resource management practices is as follows:

- Avoid unnecessary resource consumption.
- Reduce waste generation and disposal.
- Re-use waste resources without further manufacturing.
- Recycle waste resources to make the same or different products.
- Recover waste resources, including the recovery of energy.
- Treat waste before disposal, including reduction of the hazardous nature or waste.
- Dispose of waste only if there is no other viable alternative.

Waste is defined in the EP Act as including anything that is left over, or an unwanted by-product, from an industrial, commercial, domestic or other activity; or surplus to the industrial, commercial, domestic or other activity generating the waste. Waste can be a gas, liquid, solid or energy, or a combination of any of those things.

The extraction of CSG results in the production of CSG water, which typically contains significant concentrations of salts, has a high sodium adsorption ratio (SAR) and may contain other contaminants that have the potential to cause environmental harm if released to land or water through inappropriate management. CSG water is deemed to be waste.

One way to minimise the amount of waste being sent for final disposal is to beneficially reuse the waste as a resource. A beneficial use approval (BUA) for a waste changes the status of the material from a waste to a resource that is to be used for a beneficial purpose. The holder of a BUA is obliged (through approval conditions) to manage the resource in a way that minimises the risk of unlawful environmental harm.

Beneficial uses of CSG water covered under general approval for the beneficial use of CSG water include:

- irrigation
- domestic purposes
- livestock drinking water
- aquaculture and human consumption of aquatic foods
- dust suppression

- landscaping and revegetation.

Because BUAs are such an important part of the CSG to LNG industry, continual checking to ensure standards are being complied with is of high importance.

Coastal Protection and Management Act 1995

The *Coastal Protection and Management Act 1995* (CPMA) provides for the protection, conservation, rehabilitation and management of the coast including its resources and biological diversity.

LNG operations include dredge management plan conditions, tidal works approvals and potential works within coastal management districts which all require approval under the CPMA and need to be monitored to ensure compliance.

A major part of the LNG industry is located on Curtis Island, near Gladstone.

Nature Conservation Act 1992

The *Nature Conservation Act 1992* (NCA) regulates the environmental impacts of the CSG to LNG industry through the use of industry clearing permits.

The NCA protects native plants indigenous to Australia (protected plants) and regulates the clearing of individual protected plants. A clearing permit is required to clear protected plants unless an exemption applies. In general, exemptions will only apply to the clearing of least concern protected plant species. Clearing of endangered, vulnerable, rare or near threatened protected plants will require a clearing permit. Clearing permit applications received by EHP will be assessed on a case-by-case basis and approvals will be subject to conditions.

In instances where a Species Management Program has been approved this may give CSG to LNG operators the ability to clear native flora and fauna.

Environmental Protection and Biodiversity Conservation Act 1999 (Commonwealth)

The *Environmental Protection and Biodiversity Conservation Act 1999* is Commonwealth legislation and has been included purely for noting purposes—there are no compliance activities measured against it under this CSG/LNG Compliance Plan.

This piece of Commonwealth legislation is effective when an infrastructure project has the potential to impact on matters of national environmental significance, or where alternatively the project may be deemed to be a 'controlled action'.

Both matters of national environmental significance and controlled actions require assessment and approval under this legislation.

Compliance activities 2012-13

The department's compliance inspections in 2012-13 will centre on the activities outlined below.

In addition to planned inspections, unscheduled inspections may be conducted as a result of information received from the community, landholders, industry operators and where departmental officers consider that additional inspections need to occur. The department investigates and responds to all complaints and enquiries lodged regarding the CSG to LNG industry.

Where non-compliance is identified, companies may be asked to provide further information to assess their level of non-compliance or bring them into compliance, and the department may take enforcement action consistent with its Enforcement Guidelines. These actions may include issuing environmental protection orders, environmental evaluations, transitional environmental programs, warning notices or penalty infringement notices (fines). In more serious cases, prosecution may be more appropriate.

Level 1 activities

CSG activities are classified as either level 1 or level 2, based on the risk of environmental harm.

Level 1 activities have higher environmental risks associated with the activity and require an environmental management plan that identifies the potential impacts on the surrounding environment and how these risks will be managed. Applications for level 1 CSG projects are required to be publically notified and may be subject to the environmental impact statement process, which includes an extensive public consultation period.

Inspections of level 1 activities may include:

- assessing disturbance to land
- water management and releases
- dam management including hazard assessment
- reporting and rehabilitation of completed activities
- chemical storage
- air emissions from large plant
- sewage management at large accommodation camps
- waste management and disposal
- construction of accommodation camps, gas and water processing facilities, pipelines etc.

Level 2 activities

Level 2 activities have a low-risk of causing serious environmental harm and require a non-code compliant environmental authority.

Inspections of level 2 activities may include:

- well construction and completion reports
- groundwater sampling techniques
- erosion and sediment control
- rehabilitation of completed activities.

Construction phase of CSG-LNG activities

Construction phases of major projects typically create a number of specific environmental risks which do not exist during operational phases, such as sediment and erosion control and acid sulphate soil management. The specific LNG developments are located on an island within the Great Barrier Reef World Heritage Area in association with mainland support facilities. Access to and run-off from the construction site and support facilities presents risks for marine values.

Inspections of the construction phase of LNG activities and facilities may include:

- assessment of compliance with the marine species monitoring program
- assessment with the requirements of relevant environmental authorities and development approvals

- monitoring of The Narrows dredging and crossing activities
- other activities associated with the construction of activities and facilities relating to LNG.

Curtis Island and the pipelines crossing of The Narrows will be of particular focus.

Bore monitoring

In 2011, measurements were taken from 300 bores. These initial first year measurements will provide baseline data for verification of potential groundwater impacts.

These 300 bores will be monitored again in 2012-13, and as the data is gathered and analysed it will provide the opportunity to assess any groundwater impacts.

Groundwater monitoring

To ensure confidence in the accuracy of CSG company groundwater monitoring data, the department will conduct onsite inspections of companies' groundwater monitoring techniques, including measuring and sampling techniques. The department will also take duplicate groundwater samples for independent analysis and conduct desktop inspections on CSG monitoring procedures.

Chapter 3 Water Act 2000 activities

Desktop inspections of BAPs and UWIRs will be conducted by the department when they are submitted. The department will monitor compliance of petroleum tenure holders' actions in submitting and complying with timeframes attached to BAPs and UWIRs. If petroleum tenure holders become non-compliant the department will take appropriate compliance action.

Monitoring hydraulic stimulation, including use of fracking chemicals

Ensuring fracking activities are managed, and CSG operators are complying with the regulatory framework, is of extreme importance to the department due to the potential impacts to the environment, including water resources. The promotion of vigilance and awareness is important in educating the CSG industry and the public as to the fracking requirements and monitoring regimes currently in place.

Beneficial use approval (BUA) monitoring

BUAs provide companies with the ability to recycle CSG waste water for beneficial use. The use of CSG water requires a general approval for associated water. A general approval is an approval for a resource of which everyone has the benefit. For instance the beneficial uses of CSG waste water include aquaculture and human consumption of aquatic foods, coal washing, dust suppression, industrial use, washing down and cleaning of flood-affected infrastructure, irrigation and livestock watering.

Water that is reconditioned under a BUA must meet specified water quality criteria, in addition to EHP assessing the level of compliance with the conditions imposed on the BUA and environmental impacts.

Regulated and evaporated dams

The construction, operation and management of CSG dams provide companies with a place to store and manage waste water generated by CSG operations. Stringent conditions regulated by the conditions of the environmental authority in relation to how dams are to be designed, constructed, operated and commissioned, and inspections occur to ensure compliance with the conditions.

In all but exceptional circumstances, evaporation dams have been banned for CSG water, and existing dams will either be converted to other uses or decommissioned. If an evaporation dam is proposed, the CSG operator must demonstrate that there is no feasible alternative to managing the CSG water.

Waste stream tracking

CSG waste generally includes associated water, oily water and drilling fluid. CSG companies must comply with the EP Act and the government's associated water management policy which outlines the preferred CSG water management strategies.

The policy does not include management strategies for third party licensed waste disposal companies which receive associated water, oily water and drilling fluids for storage, treatment or disposal.

Annual returns for environmental authorities

An annual return describes environmental management activities at the site for the previous 12 months. The annual return is provided to the department and must address:

- the extent to which conditions of the EA have been met
- actions taken in response to environmental incidents
- other initiatives undertaken
- disturbance and rehabilitation undertaken.

Under the EP Act, if the holder of an EA fails to comply with an annual notice by not submitting a completed annual return, the department may suspend or cancel the EA. Suspension or cancellation of the EA would mean that activities authorised under the terms of the EA will have to cease.

EHP RTI DL Release

Schedule of compliance inspections 2012-13

The following table lists the specific compliance inspections to be undertaken by departmental staff in 2012-13, including the number of activities and the expected outcomes. Discretion is given to environmental officers/departmental staff to conduct inspections outside of what is included. Unscheduled inspections will also be conducted throughout the year.

Activity	Assessing	Commitment	Expected Outcomes
Level 1 activities	Disturbance to land, water management and releases, dam management including hazard assessment and reporting, rehabilitation of completed activities.	20 Inspections	Non-compliance detected and corrected. Increased compliance with EA conditions. CSG operators undertaking environmentally safe practices. Emerging risks are identified and targeted through proactive compliance programs.
Level 2 activities	Well construction and completion reports, groundwater sampling techniques, erosion and sediment control.	15 Inspections	
Construction phase of CSG to LNG activities	Assessment of compliance with environmental authorities, development approvals and the marine species monitoring program, with a particular focus of facilities on Curtis Island.	36 Inspections	
Pipeline construction	Pipeline construction to ensure compliance with environmental authorities and development approval conditions, with a particular focus on The Narrows.	14 Inspections	
Bore monitoring program	Potential groundwater impacts and comparing with 2011 data.	300 Inspections	Increased accuracy of groundwater modelling and understanding of aquifer interconnectivity and cumulative impacts. Early identification of impact to groundwater supplies.
Groundwater monitoring	Monitoring measuring and sampling techniques and desktop audits on CSG monitoring procedures.	Desktop inspections on CSG monitoring procedures. Site inspections of monitoring techniques where necessary.	
Assessing BAPs and UWIRS	Compliance with content and timeframe requirements.	Desktop inspections on all BAPs and UWIRs submitted. Site inspections conducted where necessary.	Non-compliance detected and corrected. Increased compliance with reporting requirements. Inadequate groundwater sampling methods identified and corrected.
Monitoring hydraulic stimulation, including use of fracking chemicals	Desktop inspections will assess all fracking risk assessments. This will be supported by site visits where necessary, to sample feedwater, audit chemicals on site, sample frac fluid, audit flow back and post-frac operations.	Desktop inspections of all fracking risk assessments. Site inspections conducted where necessary.	Tenure holders' fracking risk assessments independently assessed. Increased compliance with EA conditions. Increased awareness and/or vigilance of fracking requirements

			and monitoring regimes prior to expansion in fracking activities.
Monitoring beneficial use approvals (BUAs)	Level of compliance with conditions and environmental impacts.	5 Inspections	Storage facilities operated by CSG companies or waste disposal facilities inadequately constructed to store or treat CSG water identified and corrected.
Dams – regulated and evaporation	Regulated dams – check structural integrity, leak detection, compliance with conditions. Evaporation dams – check compliance against transitional environmental program (TEPs) in the phasing out process.	3 Inspections (1 inspection may incorporate multiple dams on one site)	Inefficiencies in water quality monitoring data identified and corrected. Risk of impact to water supplies and environment is minimised. Harm to high-value conservation areas, namely Category A, B and/or C environmentally sensitive areas caused by BUAs minimised. Increased compliance with EA conditions, TEPs and reporting requirements.
Waste stream tracking	Accurate completion of waste tracking certificates and appropriate management of CSG waste at the waste disposal facilities.	Desktop inspections of waste tracking certificates. Site inspections conducted where necessary.	Non-compliance detected and corrected through proactive compliance program. Increased legislative compliance with the management of regulated waste derived from CSG activities. Improvements in waste management through increased awareness and education. Risk of environmental harm resulting from mismanagement of CSG waste reduced.
Annual returns for environmental authorities	Submission of the following required criteria with the annual return: <ul style="list-style-type: none"> • Complaints and compliance matters • Hydraulic fracturing activities • Regulated structures and dams, and • Measurable criteria. <p>The following documents are to be in existence at the time the annual return is due but are only required to be submitted when specifically requested by the department:</p> <ul style="list-style-type: none"> • General requirements 	Desktop inspections of all annual returns. Desktop inspections of specifically requested documents.	Annual Returns provided by CSG operators are independently assessed and audited. Emerging risks and repeat issues are identified and targeted through proactive compliance programs. Increased knowledge of potential environmental impacts. Increased environmental performance of CSG operators.

	<ul style="list-style-type: none"> • Disturbance to land • Groundwater monitoring program • Third party audit • Release reduction strategy for authorised discharges to waters, and • Operational fluid injection. 		
Reactive Inspections	Assess and respond to information received from the community, landholders and industry operators.	Unscheduled inspections conducted where necessary.	Environmental complaints and incidents are effectively management and environmental harm is minimised.

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Regulatory Strategy



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Foreword

The Department of Environment and Heritage Protection is responsible for managing the health of the environment to protect Queensland's unique ecosystems and for identifying and conserving our built heritage.

A core function of the department is that of the Queensland Government's environmental regulator. In fulfilling this role, the department is committed to meeting the expectations of the community to managing the health of the environment, as well as the expectations of industry to streamline approval processes and reduce the regulatory burden imposed on them.

The release of the department's first Regulatory Strategy reflects the department's commitment to the government, the community and industry.

It also reflects a significant and fundamental shift in the way environmental and heritage regulatory activities will be undertaken by the department.

And most importantly it is a commitment by the department that environmental regulation should be an enabler of, not a roadblock to, sustainable development.

As is evident in this Regulatory Strategy the department's regulatory application process will be significantly streamlined over time, while its compliance activities will be increased and its enforcement actions will become stronger and more consistent.

This strategy also acknowledges that while the department has significant expertise in carrying out its regulatory and compliance activities, it is industry that has the expertise in finding the best way to manage its activities to meet the government's environmental standards. It also acknowledges that the responsibility for ensuring that an activity does not cause harm to the environment sits with industry, not the department.

This important delineation in the roles of the department and industry is fundamental to the department's new strategic approach in developing and delivering its regulatory activities – the department will set the standards and make clear its expectations for acceptable performance, but operators are responsible for making sure that those expectations are met.

This strategy will ensure that industry can get on with doing what it does best—contributing to a thriving economy and generating jobs—and the community can be satisfied that Queensland's unique environment and heritage places are well-managed now and into the future.

Andrew Chesterman

Director-General
Department of Environment and Heritage Protection



Introduction

This Regulatory Strategy outlines the long-term vision for the Department of Environment and Heritage Protection's regulatory, compliance and enforcement activities.

This vision includes a regulatory framework which is responsive to the needs of the government, industry and the community.

At its core this strategy reinforces the department's objective of strong environmental management supporting sustainable economic development.

Over time this strategy will set the direction for a significant cultural and operational change in the way the department undertakes its role.

These activities will lead to:

- ▶ A significant streamlining in application processes
- ▶ An increased focus on effective and targeted compliance activities
- ▶ A more consistent application of strong but proportionate enforcement activities.

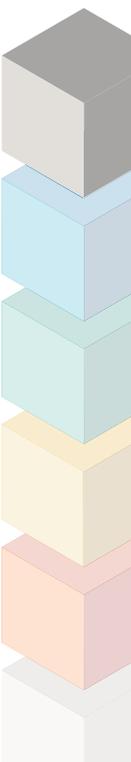
This strategy also acknowledges the growing importance of building an improved voluntary compliance culture within industry.

To assist industry improve its compliance practices the department will set clear expectations about acceptable standards of environmental performance, as well as publish easy to understand guidance material and information about how to meet those expectations.

This information will assist industry to better understand its responsibilities in achieving good environmental practices, and give operators every opportunity to know what they need to do to meet their obligations.

For those industry members who choose not to comply with their obligations, the department will be consistent in taking prompt, strong enforcement action. This enforcement will provide assurance to the vast majority of industry members that do act responsibly and meet their environmental obligations that the department is consistently dealing with those who do not.

EHP RTI 12-521 Release



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What does the department regulate?

The department is responsible for Queensland’s environment and heritage protection laws and regulations and regulates activities under the:

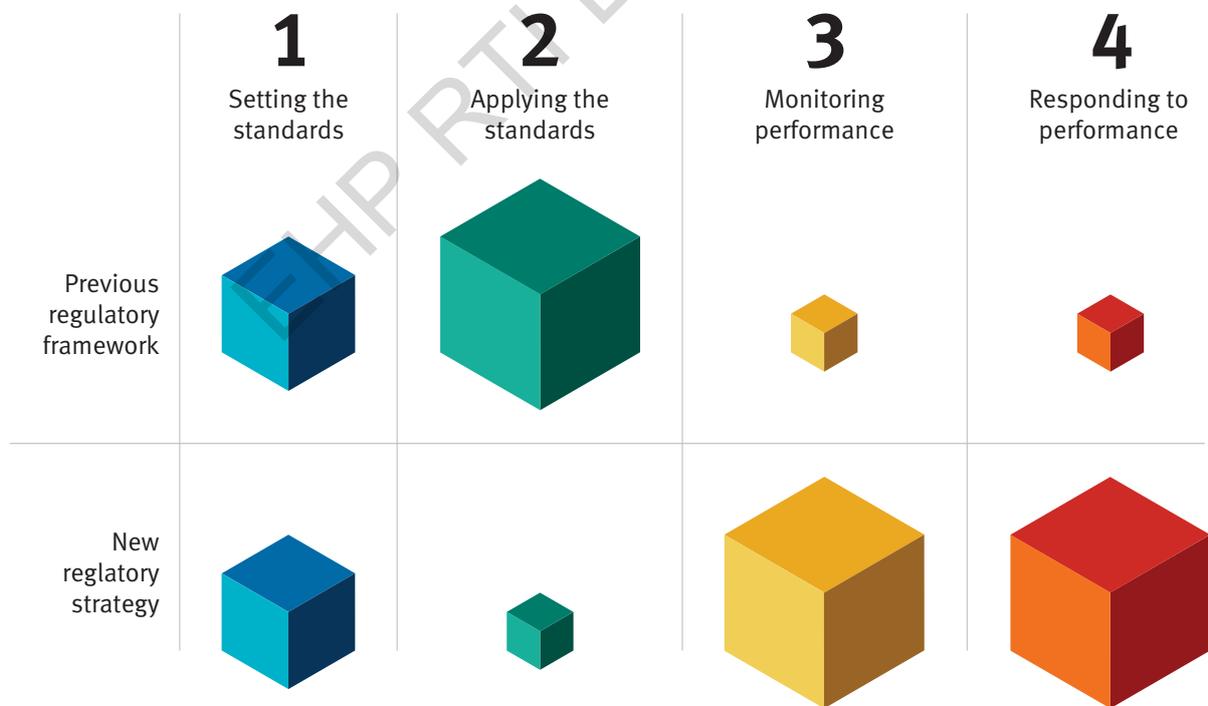
- ▶ *Coastal Protection and Management Act 1995*
- ▶ *Environmental Protection Act 1994*
- ▶ *Nature Conservation Act 1992*
- ▶ *Queensland Heritage Act 1992*
- ▶ *Sustainable Planning Act 2009*
- ▶ *Waste Reduction and Recycling Act 2011*
- ▶ *Water Act 2000 (Chapter 3)*

How does regulation work?

The department’s many different types of regulatory activities can sometimes seem complicated. These activities can be broken down in four simple stages.

They are:

1. Setting the standards that clients must meet
2. Applying those standards to specific cases by assessing applications for approvals
3. Monitoring the performance of activities that have been approved
4. Responding to that performance, including by taking strong, proportionate and consistent enforcement action

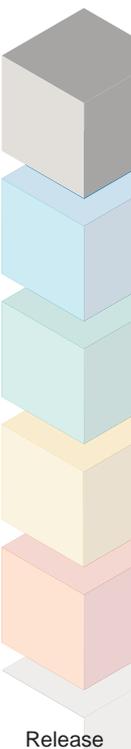


What activities will the department implement under its Regulatory Strategy?

To help achieve the Regulatory Strategy’s vision the department will:

- ▶ Introduce new policies and amendments to legislation to cut red tape and streamline processes and are focused on strong environmental outcomes
- ▶ Consult with industry associations, peak bodies and community groups on regulatory matters that affect their members
- ▶ Develop easy to understand education and information material for clients and departmental staff, including guidance on making and assessing applications, complying with the department’s expectations and taking enforcement action
- ▶ Introduction of market-based incentives which will provide clients with greater flexibility to meet their environmental obligations
- ▶ Publish compliance plans which outline priority compliance areas
- ▶ Distribute compliance alerts, prosecution bulletins and other information to clients, industry associations and peak bodies
- ▶ Introduce measures to quantify the continued improvement in application processing times and industry compliance

Benefits to industry	Benefits to the environment
<ul style="list-style-type: none"> ▶ More certainty and consistency in approval conditions ▶ Quicker approvals ▶ More scope to develop innovative, low-cost environmental solutions ▶ Reduced compliance costs 	<ul style="list-style-type: none"> ▶ Industry takes greater responsibility for its performance ▶ Increased accountability ▶ Provides incentives for industry to strive for greater environmental outcomes



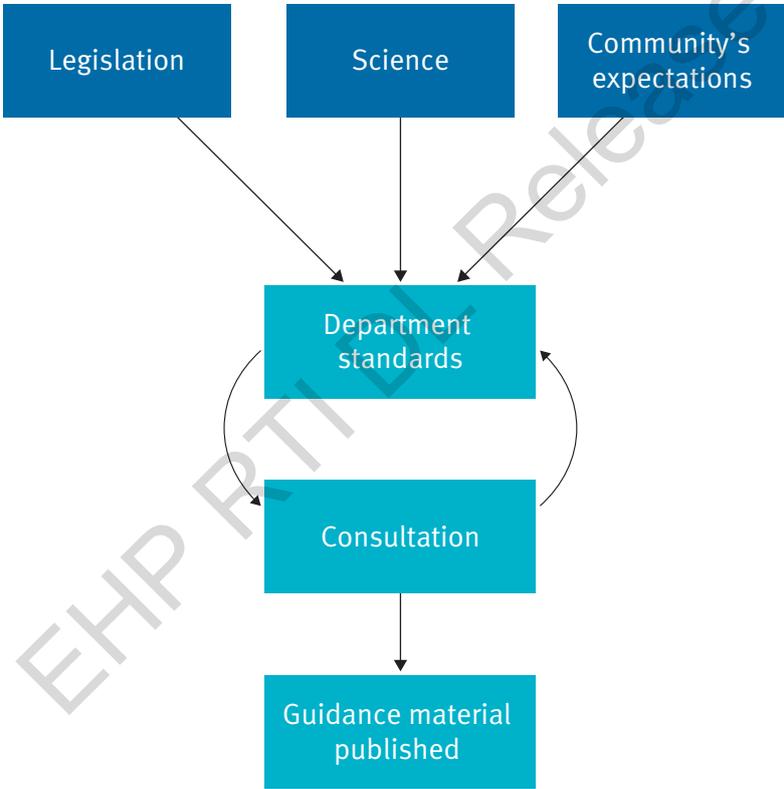
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Stage 1 – how does the department set the standards that clients must meet?

Queensland’s environment and heritage protection laws outline the standards that different clients must meet. In addition to these standards set down in law, there are also other standards set by the department under various policies. These departmental standards are based on the latest available science and consideration of the community’s expectations that the environment is protected from undue harm by industry’s activities.

Guidance material will be published to assist clients in making applicants and meeting the department’s standards.

When the department prepares new legislation or amendments to legislation, or when it updates its policies, it will consult appropriately with industry associations, peak industry groups and the community to discuss the practical implications of any proposed changes. The department will encourage industries to take responsibility for their members’ environmental performance and develop their own standards of practice. The department will explore opportunities for co-regulation.



Department’s responsibility	Client’s responsibility
Clearly setting what the expectations for acceptable performance to be met by industry are	Clearly assessing how to best meet these expectations for their own circumstance



Stage 2 – how does the department assess applications?

To assess a new application the department will:

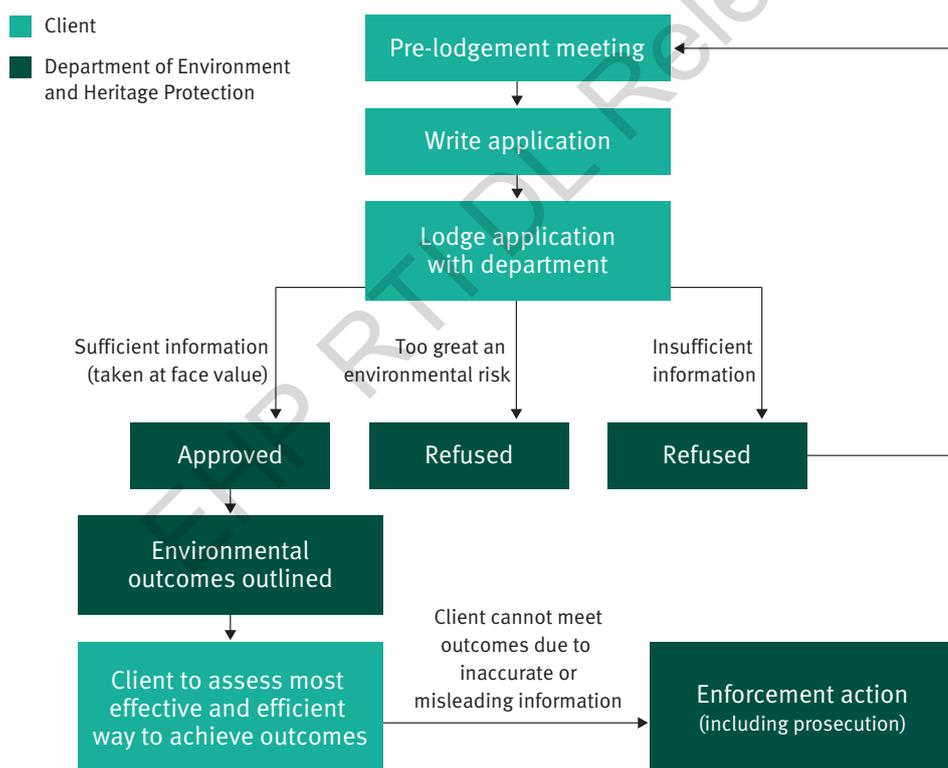
- ▶ ask for information to assess the risks posed by the activity
- ▶ set the environmental outcomes the client must meet by imposing conditions on approvals.

The department encourages clients to hold pre-lodgement meetings so that they can fully understand the information that they must provide. Once an application has been lodged by a client the department will only rarely ask for additional information. If the information received is insufficient then the application will normally be refused.

Information received by the department as part of an application will be accepted at face value. However if a client is found to have provided inaccurate or misleading information then appropriate enforcement action, including prosecution, may be taken.

In making its decision on the application the department will either:

- ▶ approve the application and outline the environmental outcomes that the clients must achieve. Except where there is a high risk of harm occurring, the department will not outline “how” the client must achieve these environmental outcomes. It is the responsibility of the client to assess the most efficient and effective way to achieve these outcomes for their own particular circumstance.
- ▶ refuse the application. An application can be refused because the information supplied was insufficient or because the proposed activity represents too great an environmental risk.



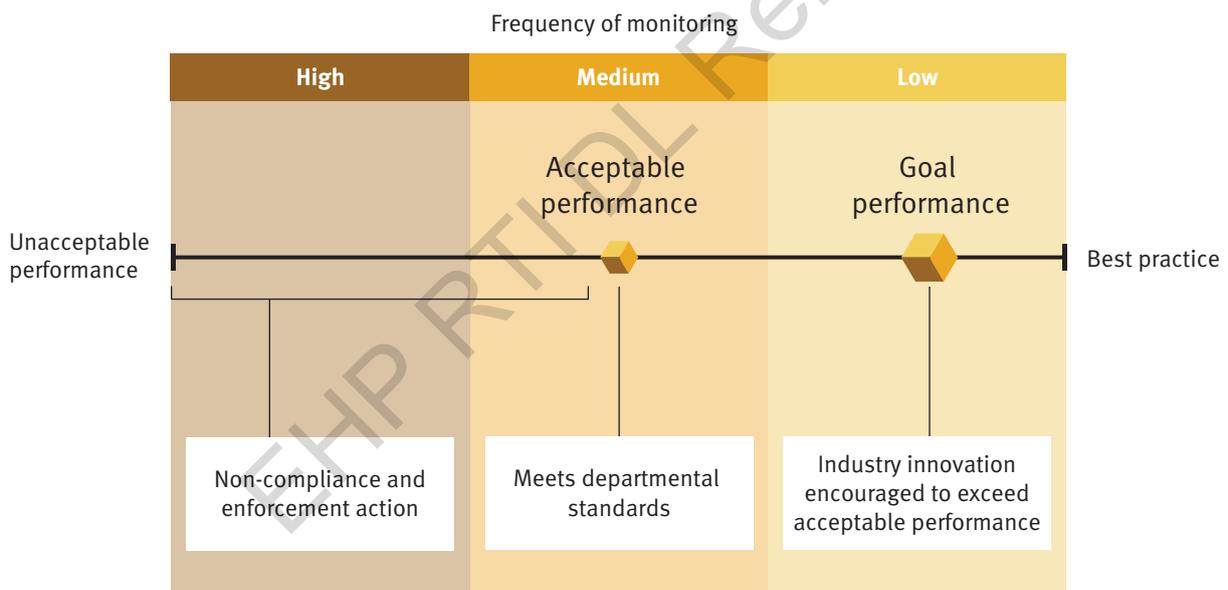
Department's responsibility	Client's responsibility
<ul style="list-style-type: none"> ▶ Make clear what information is required from applicants ▶ Ask only for information that is necessary to decide an application ▶ Assess applications in the shortest time possible 	<ul style="list-style-type: none"> ▶ Provide accurate, complete information to support an application

Stage 3 – how does the department monitor the performance of individual activities?

To ascertain whether clients are complying with their conditions and other legal obligations, the department will monitor their performance. The department will increase the amount of time it spends monitoring client performance, as it reduces the amount of time it spends assessing applications.

Monitoring activities carried out by the department will include desktop audits and inspections of sites that have an approval from the department. The department will be targeted and transparent in deciding which industries or activities will be the focus of its compliance activities. It will be **targeted** by identifying the areas where breaches of its legislation pose the greatest risk to the environment or heritage places and taking action to reduce that risk. It will be **transparent** by publishing information about which areas it is focusing on and what it is doing about them in compliance plans.

The department will monitor client performance based on risk. Where individual clients represent a higher risk to the environment because of their poor performance, the department will check their compliance more frequently. Where a client consistently demonstrates good performance and manages its risk appropriately, the department will acknowledge that good performance and lower risk by conducting less frequent inspections.



Department's responsibility	Client's responsibility
<ul style="list-style-type: none"> ▶ Identify areas of greatest risk and target its resources accordingly ▶ Reduce the regulatory burden on good performers, increase the consequences for poor performers 	<ul style="list-style-type: none"> ▶ Monitor its own performance, respond to risks before they become problems, notify the department of serious incidents

Stage 4 – how does the department respond to performance?

It is the goal of the department to foster a positive culture of compliance within industry.

To ensure clients do the right thing the department will make available easy to understand education resources and information guidelines to help them better understand their responsibilities.

Whilst the vast majority of clients are responsible and endeavour to achieve or go beyond their environmental requirements, there will be occasions where some clients fail to meet their obligations.

If the department finds that a client has broken the law, it will take action to bring the client back into compliance with its obligations. This may mean providing an opportunity for the client to voluntarily fix the problem, or taking enforcement action in accordance with the department's enforcement guidelines.

This enforcement action can include warnings, penalty infringement notices and prosecutions.

Where necessary to stop unlawful harm to the environment or a heritage place, the department will require someone to do, or not do, certain things to prevent harm from occurring. This may include stopping an activity or suspending an approval until the department is satisfied that the activity will be properly managed.

The department will provide information to industry and the community on its compliance and enforcement actions by publishing compliance alerts and prosecution bulletins.

Department's responsibility	Client's responsibility
<ul style="list-style-type: none"> ▶ Take enforcement action quickly, fairly and in accordance with the enforcement guidelines ▶ Make clients aware of the consequences of breaking the law 	<ul style="list-style-type: none"> ▶ Cooperate with the department ▶ Take action to fix the consequences of an incident that causes harm to the environment or a heritage place



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How will the department measure whether the Regulatory Strategy is successful?

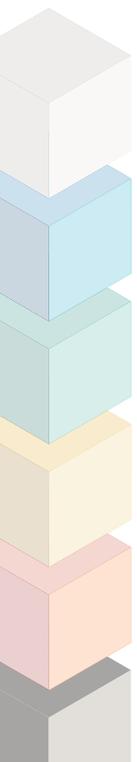
The department will introduce a suite of measures to quantify the effectiveness of its Regulatory Strategy including:

- ▶ obtaining feedback via targeted questionnaires from clients in relation to the quality of information being provided by the department
- ▶ monitoring application processing times to ensure a reduction in overall processing time
- ▶ monitoring compliance activities against performance indicators in the department's compliance plan
- ▶ monitoring compliance of the activities the department regulates.

Where else can I find information on the department's regulatory activities?

The department's website—www.ehp.qld.gov.au—will be continually updated as new activities under the Regulatory Strategy are implemented, including the delivery of new education and information tools.

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Lawrence Lynette

From: Voges-Haug Bianca
Sent: Friday, 7 June 2013 11:16 AM
To: s.73 - Non responsive information
Cc: 'Rachael Wood'; Naylor Gillian; McAuley Rebecca
Subject: Arrow Energy PEN100449509- Level C Audit Documentation
Attachments: Letter 7.6.13.pdf

Hi

I've attached a letter confirming Arrow's submissions of all required documentation for the Level C Audit being conducted upon environmental authority PEN100449509 (Arrow Energy Dalby Expansion Project).

Thank you for your cooperation and assistance in these matters.

Have a lovely long weekend.

Please feel free to contact me if you have any queries.

Kind regards,

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