

30th March 2022

Committee Secretary
Senate Environment and Communications Reference Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Forwarded via email: ec.sen@aph.gov.au

Dear Secretary,

APPEA Response to Questions taken on notice 22nd March 2022: Senate Inquiry into oil and gas exploration and production in the Beetaloo Basin -The Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021

Senator McCarthy asks:

1. In your view, have recent reforms to the territory-based regulatory requirements strengthened the regime?

The Pepper Inquiry made clear that onshore oil and gas exploration and development could be undertaken safely with the appropriate measures in place. The staged implementation of Pepper Inquiry recommendations required prior to exploration saw 31 recommendations completed between 2018-2019 which enabled exploration to commence in 2019, a year after the lifting of the moratorium.

These included:

- Code of Practice: Onshore petroleum activities in the NT complete
- Transfer of environmental decisions regarding petroleum from the Minister for Primary Industry and Resources to the Minister for Environment and Natural Resources
- Baseline mapping and ongoing monitoring regimes for weeds, methane emissions and water quality near proposed drilling sites commenced
- Commencement of a broader Strategic Regional Environmental and Baseline Assessment (SREBA)

2. To your knowledge, when will pipeline infrastructure for the Beetaloo resource be in place for the export and east coast gas markets? Will this infrastructure be coordinated to avoid duplication and minimise costs?

APPEA has no information on when pipeline infrastructure will be in place, this is reliant on successful exploration results and better definition of the resource.

3. What kind of engagement have your members had with government on the required pipeline infrastructure?

The NT government commissioned a Midstream Infrastructure Study in November 2021. APPEA NT director Cassy Schmidt met with Midstream study leads in November, members have also provided input upon request.

The midstream infrastructure study follows on from the 2019 study: Analysis of the infrastructure and logistics requirements for the development of an onshore oil and gas industry in the Northern Territory¹ commissioned by the NT government. Members were also engaged throughout that study to provide operational information.

4. Has Australia's net zero emissions targets impacted upon your members' ability to obtain funding and credit for activities in the Beetaloo?

In 2019, Australian LNG was exported to ten different destinations (Japan, China, South Korea, Malaysia, Singapore, Taiwan, Thailand, United Arab Emirates and Other Asia-Pacific). Many of these nations are also significant investors in Australian LNG projects.

Globally, the International Energy Agency (IEA) in its *World Energy Outlook 2019* considers natural gas will play a growing role in the energy mix out to 2040. By 2040, the IEA forecasts natural gas consumption to increase by 36 per cent as compared to 2018, and to account for a quarter of the energy demand.

Both APPEA and member companies have made clear commitments to reaching net zero greenhouse gas emissions by 2050 (for APPEA that is advocating for policies that achieve emissions reductions consistent with net zero emissions across the Australian economy by 2050 as part of a contribution to a goal of global net zero emissions by 2050 and for members commitments and action plans to reduce emissions). Members making investments in the Beetaloo basin do so in a manner consistent with those commitments.

5. Has any modelling been conducted on the amount of greenhouse gas emissions that could be produced from projects in the Beetaloo?

The Scientific Inquiry into Hydraulic Fracturing in the Northern Territory² contains a chapter on greenhouse gas emissions, chapter 9. The chapter presents emissions under four different production scenarios and stated the associated emissions using two different global warming potential calculations (table 9.4).

6. Do your members expect to trigger the 100 000 tonnes CO₂-e threshold set out in the NT Government's Large Emitters Policy for Scope 1 emissions?

¹ https://cmc.nt.gov.au/data/assets/pdf_file/0005/1052897/q19-0139-kpmg-final-report.pdf

² <https://frackinginquiry.nt.gov.au/inquiry-reports/final-report>

All Environmental management plans (EMP) provide an estimate of greenhouse gas emissions associated with the regulated activities, these are publicly available and open for public comment. The first EMP to trigger the large emitters threshold (introduced in October 2021) was an EMP submitted by Origin Energy covering a four-year period of exploration activities submitted in December 2021³. This includes the estimated greenhouse emissions associated with the activity and includes a greenhouse gas abatement plan, this is publicly available on the DEPWS website and requires Ministerial approval to proceed with the activity.

From Senator Cox:

1. Mr McConville said at the public hearing on 22 March that ‘only 30 per cent of gas is used in the generation of electricity, most of which is to support renewables. The other 70 per cent of gas is used in manufacturing processes’ (p. 5). What is the authority for this evidence?

Each year the Australian Energy Market Operator publishes its *Gas Statement of Opportunities*. This report summarised that over the period of 2010-2021, on average around 27%⁴ of gas use in Australia was for gas-fired power generation, with the balance (approximately 70%) going into both residential and commercial/industrial uses.

An analysis of gas usage in Australia was also conducted as part of the Federal government Strategic Basin Plan⁵, this states that:

Several East Coast industries are reliant on domestic natural gas and ethane feedstocks. Methane and ethane are generally used as a chemical processing feedstock, process heat/steam or on-site power generation. These industries include petrochemicals, alumina, ammonia production, and generally consume approximately 250PJ of natural gas p.a.

The largest consumers include:

- *Qenos (Altona and Botany) - Australia’s sole producer of polyethylene, which uses 40 PJ p.a. of gas including ethane*
- *Rio Tinto Alcan (Yarwun) - Producing aluminium and consumes approximately 20 PJ p.a.*
- *Orica (Kooragang Island) - Producing fertilisers and explosives consuming approximately 14 PJ p.a.*
- *Incitec Pivot (Gibson Island) - Producing fertiliser and explosives consuming approximately 13 PJ p.a.*
- *Australian Paper (Maryvale Mill) - Producing pulp and paper consuming approximately 7.5PJ p.a.*

Gas is a primary input for the production of plastics, fertilisers and other chemicals. Whilst natural gas is highly substitutable for electricity and heat purposes, this is often not the case for gas use as a feedstock. For some products, gas use for feedstock is 85 per cent of total gas use, with the remainder for energy and heat.

³ [Environment management plan decisions - Department of Environment Parks and Water Security](#)

⁴ [2021 GSOO \(aemo.com.au\)](#)

⁵ [Unlocking the Beetaloo: The Beetaloo Strategic Basin Plan | Department of Industry Science Energy and Resources](#)

2. Mr McConville said at the public hearing on 22 March: ‘as is the case with pastoralists and traditional owners, no exploration and no production of oil and gas can commence on any traditional owners' land or any pastoralists' land without their consent’ (p. 9). Will you require your members to go over and above what is required by law and not force access to explore or produce or undertake fracking where the pastoralist and or traditional owners’ consent is not given?

As stated by Mr McConville during the inquiry:

- production licenses cannot be applied for unless all 135 recommendations are implemented
- exploration and production cannot commence without consent from recognised native title holders and
- a land access agreement must be in place with pastoralist before exploration or production activities can commence on pastoral land

Senator Thorpe asks:

1. Are you aware of the UNDRIP? Tell me how you are implementing the UNDRIP into all of your activities on Country?’

Mr McConville provided APPEA's response to Senator Thorpe on the UNDRIP at the in-person hearing in Darwin. APPEA refers the Committee to that response.

Yours Sincerely,



Cassy Schmidt
Director – Northern Territory