

Update – 2

12 May 2017

Hi All

This is a short update on what we have been up to at the Norwood Resource. Over the last couple of months.

We have been fairly busy

The South East of South Australia

As many would know, Beach Energy has announced plans to drill Hasselgrove 3, a conventional gas exploration well toward the end of the year, and Beach is the recipient of around \$6m from the SA Govt initiative PACE programme to assist in the funding of the exploration well.

The announcement of Beach Energy's intentions to drill has provoked all sorts of misinformation and borderline hysteria from the local South Eastern (of SA) activists in a lather, with numerous articles, misinformation and misrepresentation reported in the local The Border Watch newspaper.

We have responded with an article published below;

Published late March in the Border Watch -

I am writing in relation to a number of articles and letters printed recently regarding gas exploration, fracking and SA Govt policy change to share 10% of the royalties with landowners who host oil & gas production.

It is totally understandable that the farming community want their concerns about the ongoing integrity of the quality of the groundwater and aquifers put to rest. The recent finding of the Natural Resources Committee (after 2 years of review) does this with its finding against its first term of reference. That is, fracking is unlikely to impact on groundwater, which includes aquifers. Even Australia's Chief Scientist has commented to say that fracking is safe.

However, we have seen the local activists again get fired up about the potential impact on groundwater, this is despite the science and the facts leading to the SA Natural Resource Committee finding that fracking is unlikely to have any impact on groundwater. Basically, continuing to protest based on this disproved scare story is a lie and a fraud, and shows the measure of those activists that still use this lie to scare people.

The SA Govt initiative is possibly an Australian first in that all minerals (including oil & gas) in the State are vested in the Crown, for the benefit of the Crown (all the people within the State). The SA Govt taking the step to share the benefits of these with the landowner is a significant departure from the history of mineral development in Australia. It has done so in recognition that those property owners who host oil & gas production will also benefit by way of this share of royalties.

Local activist however are 'up in arms' once again, sprouting myths and scare stories based on no evidence or science, but hey, why introduce facts into the scare story, when they don't suit the scare stories.

What is more disturbing is the pseudo 'bully boy' tactics emanating from the local activists, with such quotes as "God help anyone who thinks about it, I hate to think what would happen if it goes ahead". So now it is the thought police! Saying don't think about it!

This is typical of the tactics employed by these activist organisations. Create and promote scare stories, ignore facts that don't suit, or even misrepresent facts to justify the lie and scare story, and when the scare story is shown to be a fraud, come out with 'bully boy' threats, perhaps obscure or indirect but with menace.

It is time for common sense to prevail and decisions be based on facts and evidence from reputable and credible inquiries and sources and not based on scare stories and lies. Those people who have genuine concerns ought to avail themselves of the facts which are set out on the Department of State Development website, and they should certainly not listen to those activists who have next to no knowledge of the industry nor have worked in the industry.

Beach Energy have announced plans to drill a conventional well in the SE, with no fracking involved. One hopes this is successful so it can help provide valuable gas to the State's electricity generators, and help provide some much needed local employment opportunities.

Of course, those activists with only ideological motivations, with no reference to science or facts will oppose the drilling, but they will use oil & gas products in their daily lives like plastics (mobile phones, and computers) fuel for their cars, and drive on asphalt (a derivative of petroleum), which basically makes them hypocrites, and they should be named for what they are!

The finding by the Natural Resources Committee (fracking is unlikely to have any impact on groundwater) should bring some common sense back into this matter, and give the good people in the SE cause to reassess unconventional gas extraction and fracking with a more positive perspective.

The Department of State Development's on fracking can be found at -

<http://www.statedevelopment.sa.gov.au/resources/the-facts/fracture-stimulation-in-south-australia>

Bruce Holland

Secretary

The Norwood Resource

This was published in The Border Watch toward the end of March 2017 and things seemed to quieten down as far as hysterical pieces in the Border Watch up to a couple of weeks ago. However, over the last couple of weeks following from when Beach announced they would hold information sessions there has been another outbreak of hysterical hyperbole from the activists – while it is tempting to wade in again, given that Beach is going to be on the ground trying to get some sense and rational thought into the debate we have thought it wise to 'stand aside' as it were and not go forward with a letter / article pointing out the activists obvious hypocrisy, mis information and mis representation of facts and see how the Beach Energy sessions go. They have our support to get the facts out there into the community.

However, the measure of the hysterical nonsense from the South Eastern (of SA) activists can be assessed from the report that a venue that Beach had booked in Mount Gambier to hold it's information sessions was so harassed by telephone calls etc that they withdrew, and Beach had to find another location.

This prompted the local activist association (Limestone Coast Protection Alliance, which is in league with Lock The Gate) which really has central responsibility for this due to their hysterical nonsense they have been carrying on with for the last few years to say they will have agreed to a Beach Energy

request to take the names of the Beach energy representatives off their Facebook site and that they will hold 'silent protests' outside of the venues to allow people to go and get the facts etc from the Beach representatives. This prompted Beach to note even people milling around with placards etc was intimidation – which it is !

Anyhow good luck Beach Energy we will watch with interest.

The Narrabri CSG Project – NSW

As you are probably aware, the Narrabri Gas Project (NGP) which is operated by Santos lodged its Development Plan and EIS with the NSW Govt a couple of months ago.

Santos (and the NGP) have been the targets for some very vocal (local and not so local) activists pedalling all sorts of 'porkies' so much so they even got a group together to try and disrupt the Santos AGM, and got no to little support from the other shareholders. TNR was there and Keith Potts (one of our founding members) asked the Chairman if the industry and its associations had done enough to get the facts out there into the public space – to which the response (reported in some media) was that No – the industry and its associations need to do more.

Meanwhile, back at Narrabri local anti-gas letter writers were hard at it – we have been responding to these porkies and a recent letter published is below, and happy to say there has been a drop off in the anti gas letter writers contribution in the local paper – The Narrabri Courier

Published late April

Article / Letter to The Editor Narrabri Courier.

I am writing in relation to recent letters from Mr Newell and Ms Tapp.

Firstly, Mr Newell declares that there is no shortage of gas and quotes reserve numbers in the Bass Strait being some 10,000 PJ, and then only quoting the domestic use in Australia to support his fallacious claim there is oodles of gas and therefore no gas supply issues exist.

Mr Newell neglected to add a couple of salient points, one being the total east coast market demand is in the order of 2,000PJ/a as well as the gas is in the ground. Further, he also didn't mention how fast the gas can be taken out of the ground to meet the supply, this is called 'deliverability' in the industry.

Deliverability means how much is available to be supplied at any one time. It is not much use having oodles of gas if you can't deliver it when the customer wants it.

This is the case with the Bass Strait gas as well as many other places around the world, both onshore and offshore. However, the gas is in the ground right now, and it isn't going to get to the customers on its own.

Wells need to be drilled, and processing plants need to be built to meet the demand, and Bass Strait, while having 'oodles' of gas reserves has limited deliverability. Hence the very welcome initiative of the NGP to supplement a gas market which is crying out for more.

Further, Mr. Newell's depiction of comparative gas prices is flawed, insofar gas price comparisons need to be done on an 'apples to apples' comparison. On average, Australian gas is cheaper in Australia than overseas, but like any commodity it may be taxed, or discounted by other Governments or the new owners of the gas which may also distort short term comparisons. For example, for the last quarter 16, on average for the quarter, both Santos and Origin sold their gas for approx. \$5.50/GJ into the domestic market, and sold their gas (as LNG) into the export market at an average price of \$8 to \$9/GJ.

Secondly, in regard to Ms Tapp, who wrote an interesting analogy of having a 'hole in her bucket' while her previous letter referred to 'supply issues' which she claims it's the exports which is creating the 'supply issues'.

Funnily enough, there was on the same day her letter was published a short response in the 'Thumbs Up and Down' section, which I think cuts to the heart of Ms Tapp's fallacious argument, it read "Thumbs down to the hypocrisy of the gas supply argument that claims that there is no shortage of gas if we reserve gas for ourselves at some sort of affordable price first instead of the highest bidder. In that case you should also do that with food produced by farmers – we'd all get cheaper food. Or are those profits off limits?"

Ms Tapp also says there are no benefits for the local community, wherein she says "...communities ... will be largely unable to share in the wealth of that underground harvest", further she also claims that she is unaware of where the gas will go (domestic or export), and claims that I am 'just doing my job' Hmmm, really???

Well, then let us take a moment to look at 'my job'. I am The Secretary of The Norwood Resource (TNR), which is a not for profit charity, with the mission to get the facts about the impact of oil & gas exploration and production on the environment out into the public space, and to challenge the veracity of the many unsubstantiated assertions and loose claims which come from uninformed, but ideologically driven eNGOs.

My role is primarily voluntary, as is the role of the Committee, who are mainly ex oil & gas long term industry participants. We have a lot of knowledge and experience in the oil & gas industry, however, we have no allegiance to the oil & gas industry per se, as most are retired or working in other industries. The primary reason we formed in the first place was we shared a common dislike for lies, myths, the pedalling of misinformation and distortion of the facts which seemed to be a common 'stock in trade' of the anti fossil fuel activists such as we see in some of these letters to the Narrabri Courier.

In regard to Ms Tapp's other unsubstantiated assertions, if she bothered to read the Santos announcement at the time of submitting their EIS, she would have noted some 1300 jobs will be created during the initial construction period, which will be followed by some 200 ongoing jobs. Further, the local community will benefit through a Gas Community Benefit Fund of around \$120m.

Perhaps she also missed where the gas supply from the NGP would be directed, or perhaps she is just using her anti gas and fossil fuel ideology to guide her views. Santos is quite explicit in its announcement of the EIS, wherein, it states "Santos will make the gas available to NSW and the east coast domestic market..."

Perhaps instead of fallacious assertions and unsubstantiated claims, it might be more honest of those opposing the NGP to simply state they oppose for ideological or NIMBY reasons, as the case may be. I would respect their arguments more than their fallacious claim that there is no gas supply problem, when it is staring them in the face. Just ask Malcom Turnbull (and now Bill Shorten) who is trying to find ways to increase gas supply on the east coast.

*Bruce Holland
Secretary
The Norwood Resource*

The closing date for submissions on the Santos Development Plan and the associated EIS is 20 May 2017, and it is worthwhile putting in a submission.

I have included an attachment regarding why it is important to write a submission in support of the Narrabri Gas Project – which we plan to do soon (before the 20th May), and I encourage those that feel so inclined to do the same.

I am sure we will hear more on this as things progress.

The Northern Territory (NT)

As you are probably aware the NT Fracking Inquiry is ongoing – submissions for comments of issues in their Discussion Paper were due by 30 April 2017, and we sent out a ‘Form Letter’ for those interested to make a submissions which quite a number of you did and we thank you for this as we believe it is important for the Panel to understand there is a lot of support for decisions to be based on fact and not misinformation and ideology.

I have sought clarification from the Panel if they will continue to accept submissions and they have responded to say yes they will, so any of you who would still like to express support, please feel free to use the Form Letter we sent out a couple of weeks ago I have reproduced it below, and please feel free to amend to suit yourself etc.-

To;

fracking.inquiry@nt.gov.au

Dear Panel

My name is _____, and I submit the following for your review into the use of unconventional gas and the use of hydraulic fracturing in the Northern Territory.

There have been many Inquiries on this and similar subjects around the world and in Australia in recent times. Virtually all credible (non political) Inquiries have arrived at similar conclusions, in that exploring for and developing gas and oil from unconventional sources (shale) with the use of hydraulic fracturing (fracking) is unlikely to pose any significant risk to groundwater (aquifers) or to human health, providing appropriate robust regulations (including environmental aspects) are in place, which are adhered to and enforced, such that the risk is acceptable and as low as reasonably practical (ALARP).

The following is some of the recent outcomes of such credible Inquiries

- A *The Discussion Paper refers to (page 11) the previous work undertaken through the Hawke Reports (2014 and 2015) as well as the 2016 Hunter Report. These should be the building base for the current Panel’s work.*

- B *Prior to the Hawke Report 2014 The Australian Council of Learned Academies (ACOLA) Report “Engineering Energy: Unconventional Gas Production A Study of Shale Gas in Australia” 2013, found that with appropriate safeguards in place shale gas (unconventional) with the use of fracking represents no greater risk than conventional gas. Although certain regulatory oversight needs to be maintained and adhered to maintain a risk profile which is acceptable and as low as practical (ALARP).*

- C *The NSW Chief Scientist and Engineer, Professor Mary O’Kane conducted a review of Coal Seam Gas (CSG) and while we note that CSG is not the subject of the panel’s Inquiry, we believe her findings are pertinent to this Panel’s deliberations. On page 7 of her Report (30 Sept 2014)*

“There is a perception in some parts of the community that CSG extraction is potentially more damaging and dangerous than other extractive industries. This perception was heightened following the release of the American movie Gasland in 2010. The Review examined this issue in detail and concluded that while the CSG industry has several aspects that need careful attention, as do almost all industries, it is not significantly more likely to be more damaging or dangerous than other extractive industries”. The relevancy is twofold, in that the NSW Chief Scientist and Engineer’s Review debunked the hype associated with the movie Gasland, and recognised each extractive industry has its own unique characteristics which must be recognised, managed and regulated appropriately to achieve ALARP.

D The Western Australian Upper House reviewed the issue of fracking, and after two years of examining evidence etc. concluded (Nov 15) that fracking can be carried out safely if regulated appropriately. It found the impact on human health and the environment were ‘negligible’ despite widespread concerns about the practice.

E The South Australian (SA) Natural Resources Committee recently completed a two year Inquiry into unconventional gas and the use of fracking, and issued it’s final Report on 30 November 2016. It’s key recommendation against it’s first Term of Reference was that unconventional gas (fracking) is unlikely to have any impact on groundwater (aquifers).

F As mentioned, there have been many Inquiries worldwide, but the UK is also very relevant to Australia, as its ownership to mineral rights is similar to Australia. The UK had a very rigorous inquiry carried out by the Royal Society and the Royal Academy of Engineering specifically to do a report on hydraulic fracturing and shale gas. Professor Sir Mark Walport UK Chief Scientist gave a speech predominantly focussed on Risk and Innovation in Germany in September 2014, summed up the findings, with the following

*“There are really 3 science and engineering concerns about hydraulic fracturing (fracking). The first of these is: will it cause earth tremors? The second is: will you get contamination of the water table? And the third is: will there be fugitive release of the methane gas? (In other words if you leak all the gas then you lose the advantage of it as a fossil fuel). And what the science and the engineering tells you is that this is a drilling technology and no drilling technology is completely risk-free. **But if it is done well, if it is engineered well, if it is governed well, then it is as safe as any other form of drilling**, recognising that there is no ‘free lunch’, there is nothing that is completely risk-free.” He went on to note*

“Those are the engineering concerns, and that’s what the Royal Academy of Engineers’ report said and actually multiple other reports have all essentially said the same thing. But the public or publics who are protesting, at least in some parts of the world, about fracking are coming at it from a different angle. They’re coming at it from the values angle and from the ‘my pain, your gain’ angle. And so there’s a group that dislike fracking because they dislike fossil fuels, there’s another group that dislike fracking because they actually just don’t like big companies, and then there’s a third group who just don’t want the inconvenience of having something industrial happening in their back yard.” The referenced speech can be found here <http://bit.ly/1CVyur7>

In line with the UK Inquiry and the recommended outcomes, the UK Infrastructure Bill 2014-15, was passed through the UK Parliament, and it, which among other things will permit fracking below 300 meters in the UK.

It is on this basis that I urge the Panel to adopt a factual and evidence based approach toward assessing the potential risks regarding the exploration for and the development of unconventional gas and oil,

and the use of hydraulic fracturing to enhance its production, providing at all times, there is a robust regulatory regime which through strong enforcement enables the risk to be reduced to be ALARP.

Yours sincerely

Contact details:

References :

Royal Society report on fracking in the UK

Independent report by the Royal Society and Institute of Engineers in the UK re shale gas production and fracking.

<http://royalsociety.org/policy/projects/shale-gas-extraction/report/>

Australian Council of Learned Academies (ACOLA) "Engineering Energy: Unconventional Gas Production A Study of Shale Gas in Australia" Final Report.

<http://www.appea.com.au/wp-content/uploads/2013/07/ACOLA-Final-Report-Engineering-Energy-June-2013.pdf>

Great Australian Bight

Oil & Gas production in the Great Australian Bight – Inquiry chaired by Sarah Hanson Young – Report filled 11 May 2017

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Oilorgasproduction45/Report

The Advertiser Newspaper probably summed up the report best as follows –

DRILLING for **oil** and **gas** in the **Great Australian Bight** has won the backing of a Senate inquiry, despite some members warning that an accident could devastate the South Australian coastline.

The Regulator – NOPSEMA seems to have won the confidence of the Committee with a Labor Senator (Gallacher) not supporting his colleagues and supporting the Liberals having confidence in the way exploration licences are let under NOPSEMA.

So a small win for sense and sensibility !

There are other things which we have been absorbing our attention – however next week should be interesting –

1. John Hughes and I are off to APPEA (**A big thank you APPEA for providing assistance for us to attend**) next week, and hope to catch up with as many existing and potential new members as we can
2. Beach Energy have their information sessions next week in the SE of South Australia and it will be interesting to see how they go – hopefully people will rely on facts and evidence to form their own view.
3. And I have also attached an attachment a Compendium of Studies Demonstrating the Safety and health Benefits of Fracking which should be of interest to those dealing with onshore E&P Issues.

I hope all the above makes sense and please let me know if you have any questions, and a reminder to those that have not paid their dues, please do so when you have a spare minute or two.

Cheers and regards

Bruce Holland
Secretary
The Norwood Resource