



Hon Andrew Powell MP
Minister for Environment and Heritage Protection

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Dear Mr Hamilton

Thank you for your letter of 27 November 2012 concerning holding ponds approved under the environmental authority (EA) PEN101718810 which was recently issued to Australia Pacific LNG Pty Limited and the approval process for the construction of these holding ponds.

The Queensland Government recognises the need for these holding ponds to be designed, constructed and operated in a manner that does not threaten the community's safety through collapse, or does not result in adverse impacts on the environment through contamination.

The Queensland Government's Coal Seam Gas Water Management Policy, June 2010 articulates the government's policy on holding ponds. This policy, in conjunction with the *Environmental Protection Act 1994*, is used for assessment of EA applications for water holding ponds. The policy identifies the following three types of coal seam gas (CSG) water holding ponds:

- CSG evaporation dams are an impoundment, enclosure or structure that is designed to be used to hold CSG water for evaporation and water is not used for another purpose.
- Aggregation dams are dams that receive and contain CSG water or CSG water concentrate. An aggregation dam must be designed and operated so that during any period of 30 days (following the first 90 days of operation of the dam) the total volume of water leaving the dam, other than by evaporation, must not be less than 85% of the volume of water that has entered the dam.
- Brine dams are designed to receive, contain or evaporate brine.

Aggregation dams differ from evaporation dams in that they are intended to be connected to a water treatment system or have approved options for injection and reuse of the CSG water. The requirement to use 85% of the volume of water that has entered the dam ensures that the CSG water is not left to evaporate.

Recent amendments to the *Environmental Protection Act 1994* have resulted in, among other things, the prohibition of evaporation dams as the primary means of disposal of CSG water unless there is no feasible alternative for managing the CSG water and, in addition, a requirement to transition existing evaporation dams into either aggregation dams or brine dams or decommission them. Evaporation dams may be considered for exploration and appraisal projects where: CSG water quality and quantity is uncertain; access to well sites is limited; and the well site is remote to the rest of the project.

CSG companies have been developing decommissioning and remediation actions for existing evaporation dams to decommission them or convert them into aggregation dams in accordance with the amendments to the *Environmental Protection Act 1994*. It is understood this transition will be completed within the next 18 to 24 months. To date, seven gasfields are going through the process of decommissioning or conversion to aggregation dams to satisfy the requirement of discontinuing evaporation dams as a means to dispose of CSG water.

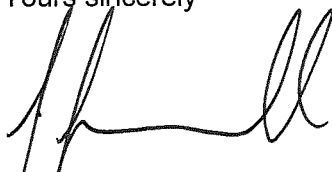
The EA to which your letter refers authorises evaporation dams solely for exploration and appraisal activities. These dams are required to be decommissioned and rehabilitated or converted to aggregation or brine dams within six months of the finalisation of exploration and appraisal activities.

With regard to your concerns that the public is unaware that the government approves CSG water holding dams, I draw your attention to the Public Register of Environmental Authorities maintained by the Department of Environment and Heritage Protection which is accessible to the general public on the department's website at <www.ehp.qld.gov.au/management/env-authorities/index.php>. This website enables any concerned person to view the current EAs, including conditions imposed on the operation of petroleum activities in Queensland.

Each EA listed in the Public Register identifies numbers of existing and proposed regulated dams. Specific details about the capacity of each dam approved for construction are contained within dam design plans developed by industry. A review of the Public Register identifies that a total of 107 existing and 287 proposed CSG water holding dams (including aggregation, brine and evaporation dams) have been authorised. The total capacity of existing CSG water holding dams, including additional storage allowances for wet weather events, is below 50,000ML.

I hope this information has been of assistance to you. Should you have further enquiries, please contact my Chief of Staff, Mr Troy Collings on 3239 0844.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Powell', with a stylized flourish at the end.

ANDREW POWELL MP
Minister for Environment and Heritage Protection