



## Roundtable for Unconventional Gas Projects in South Australia

Exhibition Hall, National Wine Centre

Thursday, 14 March 2013

Minutes

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### Breakout Session 3: Transport – Paper #5

Discussion commenced: 2.45pm

Discussion Leaders: David Cockshell (DMITRE) and Don Hogben (DPTI)

DC introduced Don Hogben. DH explained what DPTI does. DPTI wants to focus on outstanding matters.

DH introduced his colleague Martin Hawthorn (Queensland National Heavy Vehicle Regulator).

Martin will be running business around access (access for equipment). Main focus is that the regulator is here for efficiency and effectiveness – effectiveness of productivity and safety, freight task and the asset which remains in the hand of the jurisdiction. Martin will be working with DPTI.

#### **1. Incrementally improve the resilience and width of road surfaces between fields, Moomba and supply depots from coasts.**

BG: Government needs a joint venture of joint ventures. Operating companies and their service companies need to understand what their needs are and how road use is likely to evolve. In the next number of years these parties need to come together to spend less money in total to build, maintain and upgrade transport. Operate in an efficient way not to jeopardise safety after all, once we have an exemption for one it's for all. It comes down to the companies (including road haulage companies) to get together and clarify the tight spots, eg the conditions of the road etc. Government can help on the regulatory side but industry needs to help on the orchestrative side.

CS: For industry to move forward we need to solve their problems. Question to suppliers: at what point does it get to, before we need to invest in rail rather than just bitumen? Santos is not in a position to pull industry together to get assistance. We need a

realistic action to deliver physical results. There needs to be understanding that should be signed up front as resource requirements may be a constraint.

BG: We will get our minister (Hon. Tom Koutsantonis) together with Queensland counterparts before or at APPPEA to agree from the top down that we do want a line around the Cooper / Eromanga supply chain routes. BG will invite people to write an MOU or attend a meeting to put forth the fact that we need to make a commitment to rail or otherwise. What is it that you need to see to realise the cost sharing, be it tolls / tariffs?

Halliburton: Join industry projects to evaluate which direction to take. Come up with a plan for high power investment. Do we actually want so much up front (a toll option)? We need to make an action plan.

BG: If the traffic can be forecast there may be funding models that share this.

CS: There is the infrastructure and also the regulations once you're there but we must open up borders to new technology with regards to what is already required within Australia.

BG: We have The Office of the Technical Regulator but we need a Queensland counterpart to ensure we have all the players.

BM: Don't forget width rules. ADR rules mean that rigs from USA needed to be redesigned at great cost.

BM: Battling with the 80 hours trade rules and surface size, Santos had to redesign the Saxon rigs and produce brand new equipment.

BG: They probably met the Australian standards but not the others.

Santos: The kits are normally on private roads or sitting and working, they don't get used in capital cities (perhaps only 5%) but they still need to comply.

MH: Under current federal law there are possibilities to provide exemption to certain rules. Under the legislation there is a means to facilitate what you are looking for, whether it be issues with moving the equipment, also the volume, number of trips and the infrastructure.

DH: Much of these topics are possible but specifically, where do you need to go? How much of it there is? How often? It's quite possible to compromise on standards eg. escorting etc. which is cheaper than wiring / rewiring. There needs to be an agreement as to how this would be done, specifically when the time frames are short and dependent on the size of it. Regarding width, there is no maximum, it's what the road can handle. We can make changes / improvements to the roads where needed but then there is a question of the dollar figure, some of it needs to be privately funded.

Road safety is a risk exercise. What is the frequency and likelihood when we talk risk and then the management of it?

**Action item: Giving guidance on parameters on discretions. Discussion with key players is needed in order to find out what needs doing.**

JEF: Numerous roads surfaced on the Queensland border. Here bridges are the issue rather than the width of the road. For example the bridge load bearing number, if there is an issue it holds up production and affects other areas.

Santos: Earlier productivity was limited to using doubles in SA. Now, productivity could increase if we use quads but we can't run the accommodation for certain train lines etc.

MH: Trying to improve on a national scale is important.

Santos: The state regulator should be able to solve this issue.

DH: The access decision stays with the state. There is an asset decision that needs to be made which would be helpful for DPTI at the operational end. What are the most important bits of this issue? Is it maximizing travel time? Need to stage investment, do this by ranking issues in order of importance.

**Action item: Don to facilitate a forum and BG will accept email RSVPs**

BW: The state has ignored access to the gas fields and now we want to bitumise this road, how does the state ignore such a critical piece of infrastructure?

BG: The Minister did say that the supply of gas to eastern Australia (that of the Cooper Basin) and the future supply internationally was something that was not just SA's. Sydney was also depending on the infrastructure and SA was not in a position to solve these matters. BG's own view is that where there is a need Government can come in with some amount of financial support but everyone is part of the solution. We want to do everything we can to accelerate this position. Our Minister said that all issues can be brought to him directly.

DH: When we look at major infrastructure investments, cost sharing etc, the Commonwealth did reduce its share. It is always pushing us to look at funding ie the peninsula link and other models. Forget the past, look forward. There is a big investment and we will get what we can out of the Commonwealth but we need to be more creative about finding options.

JEF: Concerned about previously going broke.

BG: How new shareholders can get certainty of dividend can't be based on fiction. What if the state sponsored the debt? Investigate what state Government can do off of the basis of the forecast. This is real, this isn't a risk.

Toll: Increasing different supply chains to feed the area. There was an incident where a high vehicle was trapped in red tape, why couldn't it be moved faster? This didn't help with productivity.

MH: There are many benefits, not only about emissions and freight loads. The National Heavy Vehicle Law includes innovation in vehicle design. We match with road asset

and safety criteria, look at productivity and standards, look at how we can work together to see how these vehicles can be more productive.

Toll: Reduce risk and emissions held up by bureaucracy. It's too hard for companies to do this.

BG: Request for all issues – productivity without detriment to safety.

DH: There are still process issues but there will be benefits when the matter reforms.

BW: Remembers rigs being stopped as they cross the Strezlecki track, Transport SA ordered them off the road.

DH: Would like details of this from Bill. DPTI don't need to be unnecessarily pedantic about safety but there is a fine line, people can't cut corners. If people experience issues they need to let us know, let us understand what needs to move and where. We can set up a framework to make sure this can be done with the minimum amount of red tape.

Santos: Pick up cement truck loads issues then work through the issues and demonstrate that we can resolve these issues quickly. Get this into place then solve the more complicated problems as they come along.

BG: Air transport out of the cooper basin?

BW: Santos has built and leased the infrastructure; it should not be Santos' responsibility to run aircrafts.

Santos: This concept should be extended further.

BG: One sponsored by operators, the other is a third party contractor who wants to be involved.

JEF: Senex supports the proposition, could Santos not manage infrastructure? Senex can work with them regarding alternate methods to moving people etc.

BG: There are a number of initiatives, land farms, water management etc. We should be getting this to other places to demonstrate sustainability.

Closed: 3.40pm



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### **Day One Final Discussion and Close**

**Discussion Leader:** Barry Goldstein (DMITRE)

Barry Goldstein lead the closing discussion as follows:

Regarding Joint Venture and transport, how do we demonstrate this to the public?

Open to all attendees, and each person is asked to emphasise items.

**BW:** Water, specifically collecting in central places:

- Cooper Creek and North
- Where the use is and where is practical
- Trends in Western Flank

**PC:** 125 recommendations

- Process to next stage
- Transport – rated 110?

**BG:** The ranking system will be superseded

- No. 2 idea we are going to run out of competence
- Spoken to Premier and Minister and key companies at APPEA. They will get together and meet with the intention of getting people to move to recovery places eg TAFE etc. This needs to be done within the next 12 to 18 months

**Santos:** Important to see action in the follow up. How do we facilitate this quickly?

- Email BAG and he will action ASAP
- Consultation needs to be open and transparent so nobody feels kept in the dark (no surprises)

BG: Our environmental objectives are about specific location and the time they start (a year before there's a focus on land), this then comes to be public consultation

- Conversations have been had including people who aren't in favour of these operations. The outcomes of the meeting were open and non-aggressive

Recommendations in red text are those discussed today.

Anyone who has additional recommendations please put them forth as this is a conversation which will continue.

Recap action items

- We will identify the fast-tracking that can be done
- Take on board the environmental concerns and our ability to maintain them

Closed: 4.12pm