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Practice Group(s):
Energy

Further Changes to NSW Coal Seam Gas Laws

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High level package puts stringent controls on Coal Seam Gas activities

On Tuesday 19 February 2013, the New South Wales (NSW) Government announced a high level package of reforms to coal seam gas (CSG) regulation in NSW. Included in the package endorsed by Cabinet:

- the role of the Environment Protection Authority (EPA) will be expanded to be the lead regulator of environmental and health impacts of CSG activities in NSW – including enforcement powers such as revocation of applicable licences
- all exploration, assessment and production titles and activities will be required to hold an Environment Protection Licence
- the NSW chief scientist and engineer, Dr. Mary O'Kane, will conduct an independent review of all CSG activities in NSW with an aim to identify any gaps in the management of risks arising from CSG activities including potential impacts on human health, the environment and water catchments – a preliminary report is due by July 2013
- a 2km exclusion zone to prevent new CSG exploration, assessment and production activities (both surface and underground) will be imposed around current and planned future residential zones
- exclusion zones will also apply to identified critical industry clusters such as viticulture and horse breeding as identified under the NSW Strategic Regional Land Use Plans released last year
- an office of CSG regulation will be established within the NSW Department of Trade and Investment to enforce other regulations not enforced by the EPA.

The exclusion zones will apply to any CSG activity that has not yet been approved under the *Environmental Planning & Assessment Act* or the *Petroleum (Onshore) Act*.

While details of this high level package are pending, industry reaction has been swift in lamenting the further round of regulatory change, and highlighting the potential ramifications on future gas supplies and prices in New South Wales. They argue that this contraction in supply will result in increased gas prices already under pressure from the expiry of existing long term inter-state supply contracts between 2014 and 2017, and the substantial increases in demand for gas by a number of LNG projects due to commence production in Queensland.

We will provide further updates once further details of the package are released.

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