

**STANDING COMMITTEE ON
ENVIRONMENT AND PUBLIC AFFAIRS**

**INQUIRY INTO THE IMPLICATIONS FOR WESTERN AUSTRALIA OF
HYDRAULIC FRACTURING FOR UNCONVENTIONAL GAS**

**TRANSCRIPT OF EVIDENCE
TAKEN AT DONGARA
MONDAY, 27 OCTOBER 2014**

SESSION FOUR

Members

**Hon Simon O'Brien (Chairman)
Hon Stephen Dawson (Deputy Chairman)
Hon Brian Ellis
Hon Paul Brown
Hon Samantha Rowe**

Hearing commenced at 2.17 pm**Mr ERIC HOLMES****Farmer, sworn and examined:****Mr RAY HORTIN****Chairman, POWER Eneabba, sworn and examined:**

The CHAIRMAN: On behalf of the committee, I welcome our witnesses to the meeting. Before we begin, I must ask you to take either the oath or affirmation, please.

[Witnesses took the oath.]

The CHAIRMAN: You will have signed a document entitled “Information for Witnesses”. Did you both read and understand that document?

The Witnesses: Yes.

The CHAIRMAN: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee, please quote the full title of any document you refer to during the course of this hearing for the record. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute contempt and may mean that the material published or disclosed is not subject to parliamentary privilege. Mr Hortin, can you explain at the outset who or what is POWER Eneabba?

Mr Hortin: In our submission we spelled that out fairly clearly, I thought. POWER Eneabba is an anagram to “protect our water, environment and rights”. Water is obvious; the environment is probably fairly obvious and the rights we have interpreted to mean more particularly rights to landholders.

The CHAIRMAN: How many members have you got?

Mr Hortin: Initially there were 13 members of our committee. It got down to about eight now and virtually all of those members are landowners and spread throughout from south Eneabba to north Eneabba.

The CHAIRMAN: Typically, are they all landowners involved in farming, or are there others?

Mr Hortin: Yes.

Hon PAUL BROWN: What happened to the other five?

Mr Hortin: The other five got overtaken by other concerns in their lives—their children and health issues.

Hon PAUL BROWN: Yes, life goes on.

The CHAIRMAN: The committee in its inquiry wants to hear from as many different interested parties as we can about the matters we are inquiring into. We did appreciate your submission for a number of reasons, because not only did it touch on some of the key issues which are emerging—and we have heard them again today in our public hearings—but also you represent a number of people who are each affected in the same way. We thought it was important to engage you further

and to invite you to this hearing today, so thank you for agreeing to do just that. We have a number of questions we want to ask so I will get into the first of those. What do you and your associates think is the most significant issue relating to hydraulic fracking in the midwest?

Mr Hortin: Water to us is obviously the most paramount thing because without water there is no farming and no water supplies to towns and areas, and then it is the impact of the fracking process on the countryside—the whole impact. Would you like me to read my statement first?

The CHAIRMAN: If you have some notes that address the question, that would be fine.

Mr Hortin: I can probably read the whole thing.

The CHAIRMAN: The floor is yours.

Mr Hortin: Thank you very much. Thank you for inviting us along here and allowing us to express our concerns to your committee. My statement reads —

The unconventional gas industry has the potential to have a very large impact on our central west region. This is the area between Gingin and Dongara. We believe that there has already been a significant amount of planning done and that the exploration wells are the precursor to the beginning of full scale drilling and production. Fracking is only one facet of our concerns. The real concern is the number of wells in the area directly affected by the industry.

Risks. We are told by the Industry, the Government, the DMP and now by the EPA that risks are very low, even negligible. Lately we have seen Exxon Mobil acknowledge that there are risks with fracking (The West Australian Oct 2 2014) and closer to home we have David Guise the Western Region manager for AWE conceding there are risks. (At a meeting with Greenhead residents).

I think I can add to that that it is generally accepted that there are risks. My statement continues —

We say that nobody should put at risk our valuable pristine water without giving appropriate guarantees. In short there is no way that they should be allowed to drill or do any work without properly indemnifying others against their actions.

Incidentally, if you are thinking about the Drover area —

We are told that CRA (now called Rio Tinto) was prepared guarantee the ground water for land owners in the area surrounding the coal mine and power station that they proposed to build in the Lesueur National Park. The same area that the Drovers No.1 exploration well is located.

Going on to our submission —

On re-reading our submission we agree with and standby the statements we have made with a few corrections where we have understated some figures: On the 2nd & 7th page —

Of the submission —

where we have stated reports of initial well failures of 5%, —

We have a letter—I have written “the Society of Petroleum Engineers” but in fact it was the Norwegian offshore oil and gas safety regulator that produced the paper that reports —

... initial wells failures as high as 18%

Not five per cent. I have the letter here where they acknowledge that. My submission continues —

That is not to say that many of the initial failures cannot be rectified but some in the end must be abandoned. One can well imagine that when the more complicated horizontal and multiple well technology is used that the risks from well failure will only increase. On page 4 half way down, talking about seismic surveys we are quote —

Sorry, there is a typo there —

the use of grid patterns on 1 to 2 kms.

That is spacings —

In fact the seismic survey north of the Arrowsmith River is planned to be carried out on a grid pattern of 400 metres. If you were to devise a system for spreading weeds or disease through an area of bushland you could work hard to find a better one. The quarantine measures would need to be strictly enforced and properly carried out. At the bottom page 4, again we have understated a figure although at the time we were only speculating. We said that the explorers stated that they only needed about two hectares of land, —

I think a previous speaker quoted an area of 100 metres by 150 metres. The statement continues —

at Drovers No 1 the property owner required that the explorer fenced off all land that they required for that well and that they were not to go outside of that fenced area. They fenced off 15ha. The gasfield referred to on page 5 as being north east of Badgingarra —

In the submission —

is in fact the Warro Gasfield. There were in fact two wells that encountered the deep foul water aquifer which were, as we understand allowed to flow for several months while decisions were made on what to do.

If you look in the supplementary things there is a PESA report. I understand that that is the Petroleum Engineers Society of Australia. It is the fine print. You have got to read it.

The CHAIRMAN: Which is the bit you are drawing our attention to?

Mr Hortin: The fine print.

The CHAIRMAN: I always look out for the fine print! Which column is it?

Mr Hortin: It is the middle column on the second page, if you will. It reads —

Warro-4 was attempted to avoid any faults to decrease the risk of accessing the aquifer. “Unfortunately, due to timing of access to equipment and services, the interpretation of the 3D seismic was not finalised at the time of choosing the Warro-4 location. The Joint Venture was forced to take a calculated risk or end up waiting for another year with no activity. The risk, unfortunately, did not pay off and, like Warro-3, water production from a fault occurred”, ...

The CHAIRMAN: What is the significance of that, Mr Hortin?

Mr Hortin: The significance was that they hit this deep unsuspected aquifer down there and it free-flowed this foul water for several months —

The CHAIRMAN: Into the —

Mr Hortin: At the top of the well. They collect it and obviously—I have not been on site.

The CHAIRMAN: What consequences do you draw from that?

Mr Hortin: The consequences are that there are a lot of unknowns in this industry. When they make statements about how safe things are, there are things that go wrong. They had to dispose of the foul water somewhere.

Hon PAUL BROWN: By example on that one, if proper process was taken to the finalisation and the seismic survey was done and a proper assessment and analysis of the information was provided through the seismic survey rather than, as it appears here on face value, it was a little bit rushed and the final analysis was not done before they got the gear on site to do it, if proper process and proper

analysis takes place, would you not say then they will have ample opportunity to assess the risks and assess the faults and identify those and operate accordingly?

Mr Hortin: They would have a much lower risk of hitting a foul aquifer again, yes.

Hon PAUL BROWN: That is right—that is what I am saying. With the advent of technology—we heard earlier that there was 2D and now there is 3D—if proper process actually takes place and a proper assessment is done of that information, would you not say then that that is the proper way to do it and that would mitigate the risk of hitting any aquifer or hitting any fault that may produce foul water or a leakage?

Mr Hortin: It would lower the risk; I will accept that.

The CHAIRMAN: What I am trying to establish, though, is why you highlighted this particular one. Was there some serious consequence that occurred here?

Mr Hortin: We have farm at west Coorow and the Warro gas field is relatively close to that. It is probably within 20 kays of that. It is also about 100 kilometres from Eneabba. It is relevant and it points up that while people sit in this seat and they say that everything runs smoothly and there are no problems, it points up that not everything does go to plan. Some people make decisions prematurely, others make bad decisions, equipment fails—a myriad of things that can go wrong and generally when they can go wrong, they do go wrong eventually

Hon PAUL BROWN: The article is dated June/July 2012; it is over two years old. It states at the top of the article that it is at the end of a 25-year journey. When the Warro field was initially investigated, it was nearly 27 years ago. Is that what you are saying?

Mr Hortin: My understanding—I have not re-read this in the last day or two—is that initially WAPET put a well down out there and indicated that gas was there. At that particular stage it was not considered worth going on with. It is over the last few years that they have looked at it again and decided to pursue it further.

Hon PAUL BROWN: The incident that you are talking about of the foul water, when was that?

Mr Hortin: My understanding is that it was probably—I am only going on gut feelings here—2010 onwards.

Hon PAUL BROWN: Who is the owner of that drill site?

Mr Hortin: I understand it was Latent.

The CHAIRMAN: We might follow this up out of session to find out more details about what happened with this rather than use up the time we have now and getting bogged down on one thing. Do you have other matters you want to raise, Mr Hortin?

Mr Hortin: Yes, a few. My statement continues —

... since the writing of our submission ... more information ... has come out.

In the US recently—I think it was back in August this year —

- 1) In the US the Pennsylvanian Department of Environment Protection has released details of 243 cases where private water bores have been contaminated by companies prospecting for oil and gas in the Marcellus Shale. This was in the period 2008 to 2014 when 6000 wells were drilled. Pennsylvania's Auditor General stated that the handling of the complaints were "woefully inadequate". This sits very well with other anecdotal information we hear that from the US and Queensland that in the haste to get this industry up and running impacts and people's legitimate rights are being disregarded.
- 2) The unexpected does happen. We have mentioned in our submission about the Montara Platform and the Varanus Island Plant, also the Warro Gasfield. With each

of these there were mistakes made and errors of judgement. We also know that there has been a very limited amount of accountability with these incidents. We shudder to think how a property owner could possibly attain ... justice if the State Government cannot, should an incident happen on private property or to a town water supply.

- 3) Drovers No1 is located 4kms from the Greenhead/Leeman water supply and is also located in an area where there are numerous faultlines. This is hardly the ideal area to be kick starting an unconventional gasfield. One well may be low risk but every subsequent well increases the risk so that if you drill one hundred wells in the catchment the risk is one hundred times greater. I am sure that the Coorow Shire has covered most of the ground with regards the water supply to Greenhead and Leeman.

- 4) Drovers No.1 Eric Holmes —

Who most of you have met —

together with his parents are the owners and the occupiers of the land on which Drovers No.1 was drilled, he can give you firsthand information on how the access agreements are negotiated, how the legal officer advised them and how the explorers treated them. Then he can tell you how they found their way through it. I can tell you it took more than two years of negotiations and it took a terrible toll Eric's parents and no people —

their age —

should have to be put through that. AWE have admitted that they handled the negotiation badly and have virtually apologised but NOT to the Holmes. I submit to you that they —

That is AWE —

were well —

and truly —

aware of what they were doing and were using the well-worn tactics that had been used in Queensland for a number of years and caused much anxiety and animosity. Resulting in the Qld Government embarking on an education program in 2010 and have recently —

You have mentioned John Cotter's name —

created the Gasfields Commission to try to bring some reasonableness to the table.

I repeat —

When AWE did this to the Holmes AWE new exactly what they were doing. We can go into a lot more detail if you wish.

- 5) Freehold Title and the rights attached to holding the highest level of land ownership in WA. Our understanding is that freehold title gives the owners exclusive possession, occupation, use and enjoyment to at least the land surface. Some say three feet (900mm) —

Others suggest some rights extend as deep as 100 feet —

... In any event there is little information out there, particularly in DMP and other "official" publications informing property owners on their rights. Where on the other hand you have the explorers who have lawyers and a trained negotiating team dealing with unprepared people who understand little about law but a lot about honesty and integrity. We would be very happy to discuss this further.

- 6) The Environment: This is a particularly unique part of the world, arguably the most diverse on earth —

As far as flora is concerned —

Has several rare and endangered species of both flora and fauna. It has wetlands and caves systems and the areas surrounding Beekeepers Nature Reserve and Mt Lesueur National Park still have their natural eco systems intact. This needs to be carefully protected.

- 7) As mentioned earlier conducting seismic surveys, such as the one proceeding north of the Arrowsmith river —

With its grid pattern of 800 metres across 100 square kilometres of mainly heathland —

is perfect a way to introduce weeds and disease. Decontamination procedures are only as good as the people who carrying them out.

I just threw this in there —

(100 sq kms equals five times the size of the Mines Minister's Electorate and four times the size of the Premier's Electorate)

[2.40 pm]

The CHAIRMAN: You are talking about the Legislative Assembly seats of Nedlands and Cottesloe, I think.

Mr Hortin: That is correct, yes.

The CHAIRMAN: They are some locations we could have some drilling for unconventional gas in, possibly! I hope Hansard is not getting this! Please go on, Mr Hortin, before I get myself into any more trouble!

Mr Hortin: Thank you! My statement continues —

- 8) Density of Wells: To get most of the gas you must fracture most of the ground. Therefore there must be a lot of wells drilled. We can only speculate, but even with multiple wells from central pads there will be very significant disruption to land use. At the start —

And this is possibly where some of the fear comes from —

Bill Tinapple announced "I hope we have a fracking frenzy and there is 10,000 wells between Eneabba and Dongara —

If that is not enough to scare the pants off any landowner, I do not know what is! He stated that at the Eneabba forum in June 2012. I wish these AWE blokes were not sitting behind me! You do not have to put that in! I continue —

- 9) The ethos of these exploration companies that we have experienced —

And it is not just AWE —

suggest to us that they, like many large companies are driven for one reason and one reason alone, that is to make money and very large amounts of it. This is epitomised by a company offering five thousand dollars a year for an exploration well for exploration and production phases.

The DMP tells us there should be two separate access agreements, but they tried to negotiate it as one —

... This equates to two to three weeks wages for a drill worker. This is for an exploration well with a budgeted figure of around ten million dollars.

If you have a look at the back of my statement, I mentioned *The West Australian* article entitled “How black gold is making Texas richer”. It is about Cuero, Texas, if you look towards the bottom of the first column —

These are not cheap wells, even before factoring in royalties to land owners like the Muirs —

In this case. This is talking about BHP —

that range from 12.5 per cent to 25 per cent of oil and gas revenues.

It goes on —

Under Texas’ 146-year old constitution, the state has “released to owners of the soil all mines and mineral substance therein”.

We are not suggesting that we should be getting royalties or anything like that; all we are pointing out is that when you offer something to people, you might consider that as a starting position for negotiations, but it is not even peanuts to us.

The CHAIRMAN: Let us use that as a starting point for some further questions then, Mr Hortin and Mr Holmes, because we have been looking for some more experienced advice about this. If you are a landowner—say, a farmer—and an oil or gas exploration company wants to check out the prospectivity of part of the land you occupy, what are the concerns that come to you about that?

Mr Hortin: The first concern is probably what impacts it is going to have and if there are any rewards—you would like to know what they might be too. If there are any risks, you need to know what they are. So where do we go from there?

The CHAIRMAN: It is just useful for us to try to assemble what the concerns are from the point of view of a landowner. On the one hand, if one can profit from someone striking oil or gas on your property and you deriving benefits from that, that is good. On the other hand, of course, there is the immediate prospect of disruption to your property, perhaps damage to your property—fences and the like. There may be permanent damage from the point of view of some form of industrial spillage or other contamination, disruption to your production, which actually costs you money if you are not producing from your land, for one season, two seasons, three seasons, however much of your land is alienated—15 hectares was mentioned a few minutes ago. How is it alienated? How long is it alienated? What impacts does that have? They are the sorts of concerns we have had raised with us already by submissions and other things. That is what we would ask you to discuss with us now and give us the benefit of your experience.

Mr Hortin: Obviously, ultimately it comes back to the number of wells. In the Dongara area the conventional gas wells are dispersed, aren’t they? There are not many of them and, as we have said, if you are going to frack country, to get most the gas out of it, you have got to have wells. Earlier on we heard that they are now bringing in this fracked area—the distance between wells would have to be greater—they would be narrower. If you have vertical wells, they have got to be closer together. If you go to the horizontal fracking and that, they are still going to be closer than what they would have been. So it is the impact, and, as I said, Bill Tinapple suggested there could be 10 000 wells. In correspondence with the DMP, Bill Tinapple again indicated that with the experience in America he quoted wells as close as one to 40 acres—he quoted that in a letter to us. What happens to your grain growing? That has gone out the window. You might be able to do some stock grazing in amongst that, but as far as the impact on agriculture, that writes us off.

Hon PAUL BROWN: Were Mr Tinapple’s comments done in an environment where only single-well pads were the regime of the day or were they made in an environment where now we have multiple well pads so we can do directional drilling? I am asking a question. I do not know the answer, so I am asking: how long ago did he make those comments?

[2.50 pm]

Mr Hortin: He made that comment in June down at Eneabba in 2012. Bill Tinapple was more aware than anyone else that in WA there is the likelihood of horizontal fracking at that stage, and I certainly do not know what was going on in his mind.

The CHAIRMAN: The concern about one well to 40 acres, which I think was the figure you just suggested, how much of that 40 acres would one wellhead alienate? Do you know?

Mr Hortin: I think we would generally accept that they are not going to be at 40 acres now with horizontal fracking. I think that they would be up to considerably larger areas from that but I think that is one of the industry's problems. They want to go to these multi-wells from the single pad and that sort of thing because they realise that their footprint has been too big on the country and they are trying to improve their act.

The CHAIRMAN: Does that mollify the members of POWER Eneabba at all?

Mr Hortin: We are really out to protect our interests. We are happily farming down there. We do not want people to come up to our farms and offer us peanuts to interfere with our operations, risk our water, however low you might put that in at. But if it does affect it, we want to be well and truly indemnified against it. We do not believe that we should lose anything from these blokes coming onto our land and looking for gas.

Hon BRIAN ELLIS: By the sound of that, you are not really concerned about fracking; you are more concerned about meaningful negotiation for access?

Mr Holmes: That would be one of them.

Mr Hortin: Water is vital.

Hon BRIAN ELLIS: So you are concerned about the compensation?

Mr Hortin: No, water is number one. You have got to have your water guaranteed. If the risk is as low as they say it is, where is the problem guaranteeing it? DMP, the EPA and the Department of Water all tell us that the risks are miniscule, but no-one is prepared —

The CHAIRMAN: What sort of risks are you talking about?

Mr Hortin: We are talking about any risks to the water. That is paramount. Then you can look at things like proper negotiations.

The CHAIRMAN: What sorts of things do damage to our water supply?

Mr Hortin: There have been all sorts of suggestions. You have been to America and you have listened to people over there. You must have heard of some contamination over there. All we are saying is that if people want to come on and do it on our properties, if there is no risk, there is no problem, is there?

Hon PAUL BROWN: I think what the chairman was asking was: what other activities might contaminate the water supply?

Mr Hortin: Which direction are you thinking here?

The CHAIRMAN: I am just thinking: what is it that causes problems with the water? Is it introduced chemicals and things leaching in?

Mr Hortin: Some suggest that and some suggest it is the petroleum products and other elements that are in the ground that come out with the returned water—or what do they call it? There is a word for it.

Hon PAUL BROWN: Flow-back water.

Mr Hortin: Flow-back, yes.

Hon PAUL BROWN: We have had it put to us on a number of occasions by a number of organisations that here in WA, and around the world for that fact, agriculture is the largest contributor to contamination in water supplies.

Mr Hortin: Yes.

The CHAIRMAN: In deference to my two colleagues, both of whom are farmers, I was not going to be that direct about it, because there is no suggestion that we not do not do farming, but it is an interesting observation that Hon Paul Brown makes to try to provide some perspective about matters of risk and sources of pollutants. You can offer a response if you want.

Mr Hortin: I could say that that we still drink our bore water and it still tastes good!

Hon PAUL BROWN: I was making the indication that we have had a range of information come to us both here and overseas that on a range of testing done in a range of different environments, agriculture is in fact the number one contaminant of groundwater around the world. I am a farmer and I am not suggesting that we stop farming, but there is risk associated with everything we do. I am not going to try to put my foot on a sticky paper here, as Mr Bjelke-Petersen used to say, but I know that on my farm I have got contamination issues from agricultural production. Hansard would not have picked that up, hopefully!

The CHAIRMAN: I think they might have!

Hon PAUL BROWN: That is a real fact, not just on my farm, but on many farms in this part of the world along this coastal plain that there is contamination from agriculture, but we do not shut agriculture down either. There is a very low risk that when you hop in your car after this and drive back to your farm, we say there is a very, very low risk that anything will happen to you, but I am not going to guarantee that nothing will happen to you.

Mr Hortin: We have our car insured, though, and we have our health insured too!

The CHAIRMAN: Nonetheless, there is still an element of risk, is the point.

Mr Hortin: Yes.

The CHAIRMAN: This is a very interesting discussion, but time is against us and we did want to ask some questions of Mr Holmes about his family's experience. Can you explain what your experience of exposure has been to land access issues, Mr Holmes?

Mr Holmes: Just the land access and the way land access agreements are handled, I suppose, and the way they are brought about. It is more or less, if it is a strategic resource, it is not the property owners, it is the state's and that, more or less, "If you don't agree, go to the Magistrates Court." We felt what we were offered initially just was not worth worrying about so we saw the DMP and they reaffirmed that it was the state's resources. We never had a problem with that but we still maintain we do have a right for fair and just compensation, as it states under the Constitution. We thought, "If that's the best they can come to and it's the threat of the Magistrates Court, if it's a strategic resource as they claim it is, come and do it and don't worry about an access agreement." Then we are told, "It can't proceed without that agreement being signed." We said, "It's not worth signing for the pittance that you offer", because the time you lose and all that, talking and checking with the site and what they want to do, it is not worth worrying about. They said to the mines department, "You come on and do the job. Do it, get off and move on." But they would not have that. It took us —

The CHAIRMAN: That is something of a Mexican stand-off, is it not? On the one hand you cannot refuse access but in order to have access the exploration company must have an access agreement.

Mr Holmes: That is right.

The CHAIRMAN: But if you refuse to sign the access agreement, in effect, you have denied them access—is that the case?

Mr Holmes: We are told that you cannot refuse to do it. You more or less go to the Magistrates Court. There are different hearings on and what that can cost if you get involved in a Magistrates Court. My feeling is it is not being used for a strategic purpose—it is business. Any other business, if you want to expand your business, you have got to pay your way to achieve your goal to carry out the business that you want to do. They just seem to be able to do it at the expense of the landholder. There are different community groups. They receive more money in grants than what we were initially offered.

The CHAIRMAN: I am going to try and summarise now what I understand as being the problems that you have had because we would like to look a little closer at these questions. One, firstly, is the question of what is a strategic resource? Is gas a true strategic resource or is it simply a resource to be exploited to someone's profit? I think that is one question which you are raising, which I think would be beneficial if we had a look at that. The second one is the question of access and whether there is equity in the bargaining power of a major commercial concern like a gas company versus the modest means of most landowners in terms of negotiating power.

Mr Holmes: Yes.

The CHAIRMAN: The third matter is about how to resolve an inability to reach amicably an access agreement. Whether it is via the Magistrates Court or some other tribunal, we need a more accessible mechanism to achieve a fairer outcome.

Mr Holmes: I think that one of the problems with section 17 of the act is a lot of lawyers even do not understand it. From the landholders' perspective, they are dealing with big companies that have lawyers and all that sort of thing at their fingertips at firsthand. For a landholder it is a big expense to go into when, at the end of the day, the way it is pointed out to you, you probably will not get enough compensation out of the deal to even cover your court costs. That is why in the end we said we will let them go for it, do the job and move on. The state becomes responsible for any damage, but they will not accept that.

Hon PAUL BROWN: Can I ask, Mr Holmes, given some of the statements you have made here, your main concern was about land access and the trials and tribulations that entailed for your family. It was not necessarily about the impact on the environment or water per se? Your main concern was your interaction in negotiation with AWE and the price that you were offered, shall we say?

Mr Holmes: Yes.

Hon PAUL BROWN: That \$50 000 was offered to the drive-in theatre behind us and you might have been offered a pittance or a very small portion of that similar amount for having land access?

Mr Holmes: Over time, like the drive-in and that, that was not around —

Hon PAUL BROWN: No. What I am suggesting is that while AWE has offered \$50 000 for the drive-in theatre and for other community groups, given that they were coming onto your land and disrupting your activities and doing a whole range of other things on there which excluded you from using your land the way you wanted to use it, perhaps compensating you should have been paramount rather than other follow-on products later as in the drive-in theatre—the land usage agreement should have been paramount and you should have been given the opportunity to gain as much benefit as humanly possible.

Mr Holmes: I just think it is a reasonable thing to expect. You are the landholder. Once again they say “strategic”. AWE did try and move the well off the property outside. They were told, “No; go back onto the property.”

Hon PAUL BROWN: Why was that? Were you given a reason for that?

Mr Holmes: I will stand to be corrected but I think that direction come from the DMP tour. So they moved it back. AWE tried to keep it neat and tidy to have the least amount of impact on the farm.

They moved it to the boundary and then we would either signed it, or virtually signed the agreement, when they were notified could they move it further into the property because the earth is round and the actual boundary fence tapers in under. So the DMP did not want the drilling hole to go down and when they frack that the fracks go under the boundary line which is tapered underneath —

Hon PAUL BROWN: Which would have been national park? So the national park was on that side of the fence?

Mr Holmes: Yes.

The CHAIRMAN: Your neighbour is the national park; right.

Mr Holmes: If that is strategic, why can they not drill it outside? It is a state resource. But once again that makes you think this is a commercial decision, so why are landholders not entitled to fair and just compensation?

The CHAIRMAN: In a nutshell, it has been your experience, and it is your submission, that landowners can be taken advantage by being fobbed off with a minimal amount of compensation, which is highly unsatisfactory for a whole range of reasons.

Mr Holmes: Yes.

Hon PAUL BROWN: Be it that they moved the drill site further into your property, they would have had to develop, as we heard earlier, roadways; they would have had to put a water bore down for access to water to do their operations. Were you also given access to those facilities as well—water for stock or access to use access roads?

Mr Holmes: We can use the roads. The water borehole was already there from a previous hole that was drilled there, the Gairdner 1 well. We said they were welcome to use that instead of drilling another borehole. As far as working with AWE now, there is not a problem.

Hon PAUL BROWN: So your relationship is a lot better now than what it was then?

Mr Holmes: Yes, but I think this is an exploration well. Depending on the results that come back from the tests that they are waiting for now and whether it will be able to go into a production well. But I think if the industry is going to proceed, land access negotiations need to be made clearer for the landholder.

The CHAIRMAN: Does the existing access agreement you have got cover only exploration or would that endure, or do you need a new one for production, if it gets to that?

Mr Holmes: A new one for production.

Mr Hortin: But they did try and get you to sign both together, did they not?

Mr Holmes: Yes.

Hon PAUL BROWN: I think you mentioned earlier there was 15 hectares fenced off. That 15 hectares was not used for the drill pad, it was only —

Mr Holmes: That is road. That covers everything. The access road to it. There is a level road going up to the —

Hon PAUL BROWN: It is not a 15-hectare square pad? It meanders from a fence to the drill pad, so all that area is fenced off. It is not 15 hectares that was fenced off just for a drill site, is what I am —

Mr Holmes: No.

Hon PAUL BROWN: The roadway was fenced off and a whole heap of other activities?

Mr Holmes: Yes.

Hon BRIAN ELLIS: Going back to your POWER Eneabba submission, you make a lot of assumptions without backup of scientifically proven facts. I am wondering where you get your information from. Things like in one of your paragraphs states —

The threat of contamination from frack fluids and produced fluids on farm could, if not thoroughly cleaned up, lead to livestock illness and death.

I find, as a farmer, that would be very highly, highly unlikely. Where did you get that information from?

Mr Hortin: There is a whole lot of information of anecdotal origins.

Hon BRIAN ELLIS: A lot of anecdotal; that is what I am getting at.

Mr Hortin: If you are a landowner, you hear about things like this. If there is any chance of it turning out to be real issues, you want to know that they are not going to be issues, don't you?

Hon BRIAN ELLIS: I would check the information to see if it is accurate and if it applies.

Mr Hortin: We did do a tour of Queensland —

Hon BRIAN ELLIS: That is the coal seam gas.

Mr Hortin: Yes.

Hon BRIAN ELLIS: You realise we are talking about shale gas here?

Mr Hortin: Yes. That is assuming that they are all—they have some similarities at times.

The CHAIRMAN: Some of the issues.

Mr Hortin: Yes. The land issues.

Hon PAUL BROWN: I have one final question: the figures that you state in here —

We believe that an average consensus for well failures is that 5% of wells fail initially. This rises with time and eventually all wells will fail. As we understand most well failures occur due to defects in the cementing process.

Is that more anecdotal information that you gain that from?

Mr Hortin: We have read a lot of information. Stedman Ellis was asked about fracking. He said fracking has caused no contamination anywhere worldwide. Later on someone asked him, "What about well failures?" He said, "Oh well, well failures have caused contamination problems." So he is differentiating between fracking and well failures.

Hon PAUL BROWN: He is probably differentiating between the two different processes. Fracking happens at 3 000 or 4 000 metres, whereby the well waste from zero to 4 000 —

Mr Hortin: Yes.

Hon PAUL BROWN: I am not defending him; I am just saying he was probably separating the two processes.

Mr Hortin: Being a farmer like you are, you would have noticed many cement tanks in your time. You would also have probably done some concrete work yourself. You know that if you are cementing things, unless you get it absolutely right, you get air pockets and you get things that leak. I am told, and from articles we have read from different sources, that the same thing is applicable to doing wells.

Hon PAUL BROWN: The five per cent figure that you quote, is that the well integrity failures in the sense of the casing and the lining, or does that five per cent include all of the myriad failures that occur even above ground?

Mr Hortin: I think initially that figure quoted—I do not know the exact breakdown, I would say, no.

Hon PAUL BROWN: Our evidence that we have had to us from a range of experts, shall we say, around the world in our travels is that predominantly the vast majority of leakages or well failures is actually on the Christmas tree—above the ground—not as well failures below ground. Some of the figures being quoted are a little bit confusing because people talk about well integrity failures and they automatically assume that they are talking about from ground level to 2 000, 3 000 or 4 000 metres, whereas in most circumstances, from our information that we have been provided, it is seals, leakages and valves on the Christmas tree above the ground.

Mr Hortin: Yes. You have the ability to collect a lot more information and you have the resources to do that. We are only a small group that are trying to protect what we already have. We are trying to ensure that if our land is being used for another purpose other than what we want to use it for, we want to be sure that we are not going to lose out on that. If fracking is seen in a bad light and there are many wells on your farm, it is very likely you could have an unsaleable farm. At this stage, one exploration well does not spell huge problems, but if you have a farm with 20, 30 or 40 wells on it and you are getting a small amount of recompense, it does not make up for what you are losing.

The CHAIRMAN: I think that point is made and appreciated by the committee, as are your submissions on behalf of POWER Eneabba and your presence here today. It has helped give us an understanding of some further legitimate concerns in the community which we will continue our inquiries on. With that, we have probably exhausted our time. We have to move on. I am going to draw our hearing to a conclusion now. Thank you once again and I wish you a good day.

Mr Hortin: Thank you very much for the opportunity.

Hearing concluded at 3.17 pm
