



17 November 2014

Ms Margaret Liveris
Committee Clerk
Environment and Public Affairs Committee
Legislative Council
Parliament House
PERTH WA 6000

Dear Ms Liveris

Thank you for providing the draft Hansard from AWE's verbal evidence to the Legislative Council's Environment and Public Affairs Committee's Inquiry into the Implications for Western Australia of Hydraulic Fracturing for Unconventional Gas.

It was valuable to address the Inquiry; answer questions from the Committee members about AWE's activities; take Members to visit sites where hydraulic fracturing has taken place; and to hear the evidence provided by other parties to the inquiry.

In addition to the corrected Hansard which is appended to this letter, during the Question and Answer session I indicated to the Committee that I would provide two additional pieces of information that I did not possess at the time:

1. Additional information on early hydraulic fracturing activity in the Dongara field of the Perth Basin
2. The terms of reference for the Coorow Community Reference Group established by AWE with an independent facilitator to provide AWE and local residents with an additional conduit for engagement with each other.

1. Hydraulic fracturing in the Dongara field

A total of 37 wells have been drilled to extract hydrocarbons from the Dongara field. Eight wells continue to produce, 15 are suspended (i.e. shut-in) and 14 wells have been decommissioned.

Seventeen wells have been hydraulically fracture stimulated on exploration/production acreage held by AWE in the Perth Basin. Our company has undertaken three of those fracture stimulations and the remainder were undertaken by either the company's predecessors or other companies that held the acreage at the time.

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Five of the wells on the Dongara field have been hydraulic fracture stimulated, as early as the mid 1960s. Obviously the technology used to undertake this process has changed considerably since then, and I am pleased to say that no negative impacts from the hydraulic fracture stimulation of those wells has been detected to this day.

We have made the appropriate changes to the Hansard, however I note some of questions also make reference to the pre-updated figures.

2. Community Reference Group Terms of Reference

To increase the level of engagement between AWE and residents of the Shire of Coorow even further, AWE has initiated the formation of a Community Reference Group.

The group operates independently of AWE, though AWE does provide information specifically requested by the group and, like a number of other stakeholders, will also address the group.

There are no explicit terms of reference for the group, however in its public commitment to establish the Group and provide an independent facilitator AWE noted:

The CRG will enable detailed examination of technical reports and assumptions, and will be largely directed by the issues of greatest concern expressed by participants. CRG participants would ideally be local residents and include local Council representation with subject matter experts and AWE personnel being invited as required.

The CRG would provide a vehicle for participants to:

- *Discuss their concerns in a coordinated and representative way;*
- *Review the assessment documentation and approvals processes undertaken so far for Drover-1 exploration well;*
- *Identify any outstanding concerns and present requests to AWE for consideration while it is deciding the future of the Drover well; and*
- *Hold follow up meeting as required.*

I have attached the AWE commitment which contains the full text.

As provided in our evidence to the Committee, AWE began engaging with the local communities approximately nine months before it commenced drilling of the Drover-1 well and began engaging with regulatory agencies more than a year prior to drilling began.

We have worked closely with the Shire of Coorow to determine the best way to engage with the local community in the lead-up to the project commencement.

One point that I would like to clarify is that AWE did seek to engage with the Shire of Coorow ahead of the formal adoption by the Shire of its Extractive Industries Policy. However, we sought to do this in group meetings rather than the proposed 'town hall' meeting, which we believed would be counter-productive given the environment at the time. The Shire was involved when making this choice.

Finally, I would like to thank the Committee members for taking the time to visit the Drover-1 and Arrowsmith-2 well sites. In addition to providing safe and well maintained sites, I am pleased that in the case of Drover-1, which is on private land, we are now working collaboratively with the landowners after an admittedly imperfect start to our relationship. You may well have observed this during your site visit. That relationship is now more representative of the relationship we have with other landowners in the region and we will continue to work hard to develop it further.

If you or your committee members would like any additional information on the information contained in this letter or from AWE's submission or verbal evidence provided to the Committee, I would be happy to provide it.

Yours sincerely

Bruce Clement
Managing Director

AWE commitment – 7 October 2014

In response to genuine concerns of Green Head and Leeman residents, AWE has offered to sponsor an independently facilitated Community Reference Group (CRG).

David Guise, Regional Manager, and Jane Aberdeen, Environment and External Affairs Consultant, recently met with residents of Green Head and Leeman, and then the Shire of Coorow, where concerns about drinking water protection were clearly expressed. Residents' key concerns included:

- Drinking water protection
- Lack of trust in the approvals processes and decision-making processes, and
- Maintaining a rural lifestyle

Residents asked for independent groundwater and well integrity monitoring as well as a guarantee their drinking water quality would not be compromised by AWE's activities.

In response, David offered to sponsor an independently facilitated CRG. The CRG will enable detailed examination of technical reports and assumptions, and will be largely directed by the issues of greatest concern expressed by participants. CRG participants would ideally be local residents and include local Council representation with subject matter experts and AWE personnel being invited as required.

The CRG would provide a vehicle for participants to :

- Discuss their concerns in a coordinated and representative way;
- Review the assessment documentation and approvals processes undertaken so far for Drover-1 exploration well;
- Identify any outstanding concerns and present requests to AWE for consideration while it is deciding the future of the Drover well; and
- Hold follow up meeting as required.

AWE has identified Craig Salt from Sustainable Consulting as someone they would support as independent facilitator of the CRG.

Regards

David

DAVID GUISE | REGIONAL MANAGER – WESTERN AUSTRALIA | AWE LIMITED