



Appendix E

Drilling waste letter from NSW Environment Protection Authority



Our reference: Our reference: Doc13/35398 Fil 13/4617-01

Mr Andrew Abbey
Regulatory Policy Coordinator
Energy NSW - Santos Limited
Level 22, Gateway Building
1 Macquarie Place
SYDNEY NSW 2000

Dear Mr *Andrew* Abbey

I refer to your email received on 24 June 2013 regarding the sampling techniques required for the resource recovery exemption for naturally excavated materials. I also refer to discussions concerning the resource recovery exemptions that would be required for the coal seam gas exploration and appraisal program that is proposed to be undertaken by Santos in the Pilliga.

I apologise for the delay in responding.

The Environment Protection Authority (EPA) provides the following information in relation to the matters you have raised.

The Reuse of Drilling Fluid

The EPA understands that Santos plans to transport the used drilling fluid from a well site to the Narrabri Fluids Treatment Facility (owned by Santos) where it will be dealt with in one of four ways:

- Stored for use as fit for purpose on another well.
- Treated prior to reuse by the addition of water and chemicals.
- Passed through a flocculation unit and centrifuge to remove drill solids before reuse.
- Treated to recover fluid from the above process with drill water and chemicals before reuse.

The fluids will then be sent out to a new drill site where it will be re-used in the drilling process.

In these circumstances, a resource recovery exemption is not required to reuse the drilling fluid in the drilling process. This is because the EPA does not consider the re-use of the drilling fluid in the drilling process to constitute 'land application'.

However, the Narrabri Fluids Treatment Facility will be required to hold an Environment Protection Licence with the EPA for waste storage and waste processing. Information about the licensing process can be found on the EPA's website at <http://www.epa.nsw.gov.au/licensing/>

You should note that this information has been provided also to Narrabri Shire Council in a response to Santos' Development Application No DA769/2013.

Sampling Techniques for Naturally Excavated Material

Santos sought clarification of the sampling technique required under the Resource Recovery Exemption for Naturally Excavated Material (NEM). The EPA can confirm that using the bulk sampling technique for NEM is sufficient for NEM that is stockpiled prior to use.

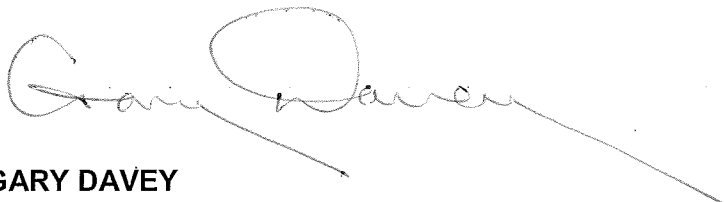
On-site Use of Excavated Materials

As a general rule, if material is to be reused at the site from which it has been generated, it will not trigger any waste licensing requirements.

In the case of Santos' operations, if excavated material generated as part of well establishment or drilling is to be land applied at the site from which it was generated, the activity would not trigger any waste licensing requirements. Therefore, a resource recovery exemption is not required.

I trust this information is of assistance. If you require further information on these matters, please contact Jessica Creed, Technical Officer – Coal Seam Gas on 02 6773 7000 or at jessica.creed@epa.nsw.gov.au

Yours sincerely



- 2 AUG 2013

GARY DAVEY
Director North
Environment Protection Authority