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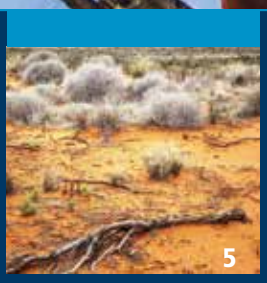


1 From the Chief Executive

2 Gas is our natural advantage

4 Bringing PRRT into the 21st Century

5 APPEA sets up Darwin office as NT exploration surges

7 Revival of the Cooper Basin

8 WA onshore gas set for growth

9 Why gas reservation is self-defeating

11 Developing national codes for onshore gas operations

13 CSG — Queensland surges while NSW stumbles

15 CEOs tackle safety

16 2013 APPEA National Oil & Gas Safety Conference

18 APPEA staff listing

appea the voice of australia's oil and gas industry

from the chief executive

David Byers
Chief Executive

The Australian Petroleum Production & Exploration Association (APPEA) is the peak national body representing Australia's oil and gas exploration and production industry. APPEA has more than 80 full member companies, all of which are oil and gas explorers and producers active in Australia.

The oil and gas industry hopes in the wake of the federal election Australia is entering a new period of policy clarity.

There is a growing need for a constructive and stable approach to policy development and implementation. We cannot afford an ad hoc or short-term approach to policy. At a time of global uncertainties and volatile financial markets, it is more vital than ever that Australia's policy environment encourages investment and enhances national competiveness.

Australia's natural gas industry is investing almost $200 billion in projects across the country.

Modelling by Deloitte Access Economics shows that last year the industry was responsible for more than 100,000 jobs across Australia, put about $30 billion into the national economy and paid almost $8 billion in tax.

And this contribution to national prosperity, regional development and energy security will grow even further. According to Deloitte Access Economics, based on projects committed and under construction, in 2020 the Australian industry will contribute $64.7 billion value added to the national economy, and deliver more than $13 billion a year in royalties and taxes.

At a time when government spending demands are outstripping revenues, that equates to the funding needs of more than 25,000 public hospital beds, or enough to cover the annual education costs of one million students in government primary schools.

This calculation is based on projects that are already approved or considered highly likely to proceed.

The industry's contribution could be even greater if still more projects are approved and built.

Deloitte Access Economics estimates that in 2020, the industry could be contributing more than $90 billion in value added to the national economy and paying $18 billion in taxes and royalties.

But this will only happen if more large oil and gas projects are approved and built. And there are real reasons for concern that threats are now emerging to the liquefied natural gas industry's plans for further investment and development.

Australia's regulatory processes for approving projects have become increasingly inefficient and access to oil and gas resources has been subject to ever more restrictions. And all of this is happening at a time when we face strong competition from emerging LNG competitors in North America and East Africa.

Australia's attractiveness as a place to invest is under enormous pressure. Unless the next Parliament can work with industry to rectify this, the next generation of Australian LNG projects may never be built.

Policy priorities

To maximise investment, jobs growth and tax revenue, the new government must commit to policies that pursue more export sales while also delivering more gas domestically to households and factories. The next Parliament must:

1. Deliver a stable, predictable and competitive taxation regime that encourages investment and avoids shocks or surprises.
2. Resist calls for energy policy interventions that force non-commercial outcomes — and show leadership to state and territory governments to do the same.
3. Deliver regulation based on sound scientific principles, real-life operational practices and transparent assessment — and show leadership to state and territory governments to do the same.
4. Resolve the problem of duplication of green tape and red tape across jurisdictions. It is adding to the time required to develop projects, adding to the costs of developments and adding to the risks faced by investors.
5. Address the need for providing a skilled workforce for Australian energy developments through training and continuing access to overseas labour markets.

Developing new gas supplies is absolutely critical if Australia wants to put downward pressure on energy prices, meaningfully reduce greenhouse gas emissions, and bring on the next wave of Australia's prosperity.

next

Natural gas is Australia's natural advantage

Michael Bradley

Natural gas is not only a critical part of Australian life, but also an extraordinary driver of our nation's future prosperity.

To help explain this, APPEA on July 29 launched the Our Natural Advantage campaign, which has been designed to be a wake-up call to politicians and Australian energy consumers.

Our Natural Advantage is highlighting the risks that threaten the industry's capacity to deliver future jobs and investment, and shows what will be foregone if Australia's next wave of gas projects fails to proceed.

More than $150 billion worth of energy and resource projects stalled in Australia last year. Another $150 billion worth of gas projects is currently being assessed by potential investors could be lost to this country. Australia cannot afford to forgo this investment.

Saying 'no' to natural gas development is not consequence-free. In fact, developing new supplies is absolutely critical if Australia wants to put downward pressure on energy prices, meaningfully reduce greenhouse gas emissions, and bring on the next wave of Australia's prosperity.

Australia has enormous potential supplies of natural gas, but if we don't maintain our competitive advantage we will not see those resources developed, and Australia will lose jobs, cheaper energy, cleaner energy, and future tax revenues.

Australia's natural gas industry created an estimated 100,000 jobs last year and is investing almost $200 billion in projects across the country. Despite these economic benefits, the oil and gas industry is faced with a long-running, highly organised, and well-resourced campaign to stop nation-building resource projects across Australia.

The anti-gas campaign is not only based upon misinformation, but it is too-often unchallenged, to the point where activism is determining public policy.

Policy should be driven by science, not fear campaigns. And now more than ever, activities designed to disrupt and delay future resource projects should be of concern to all who value jobs, investment, and new economic opportunities.

With North America and East Africa emerging as cost-competitive destinations for oil and gas exploration and development, industry and government must address Australia's sliding competitiveness.

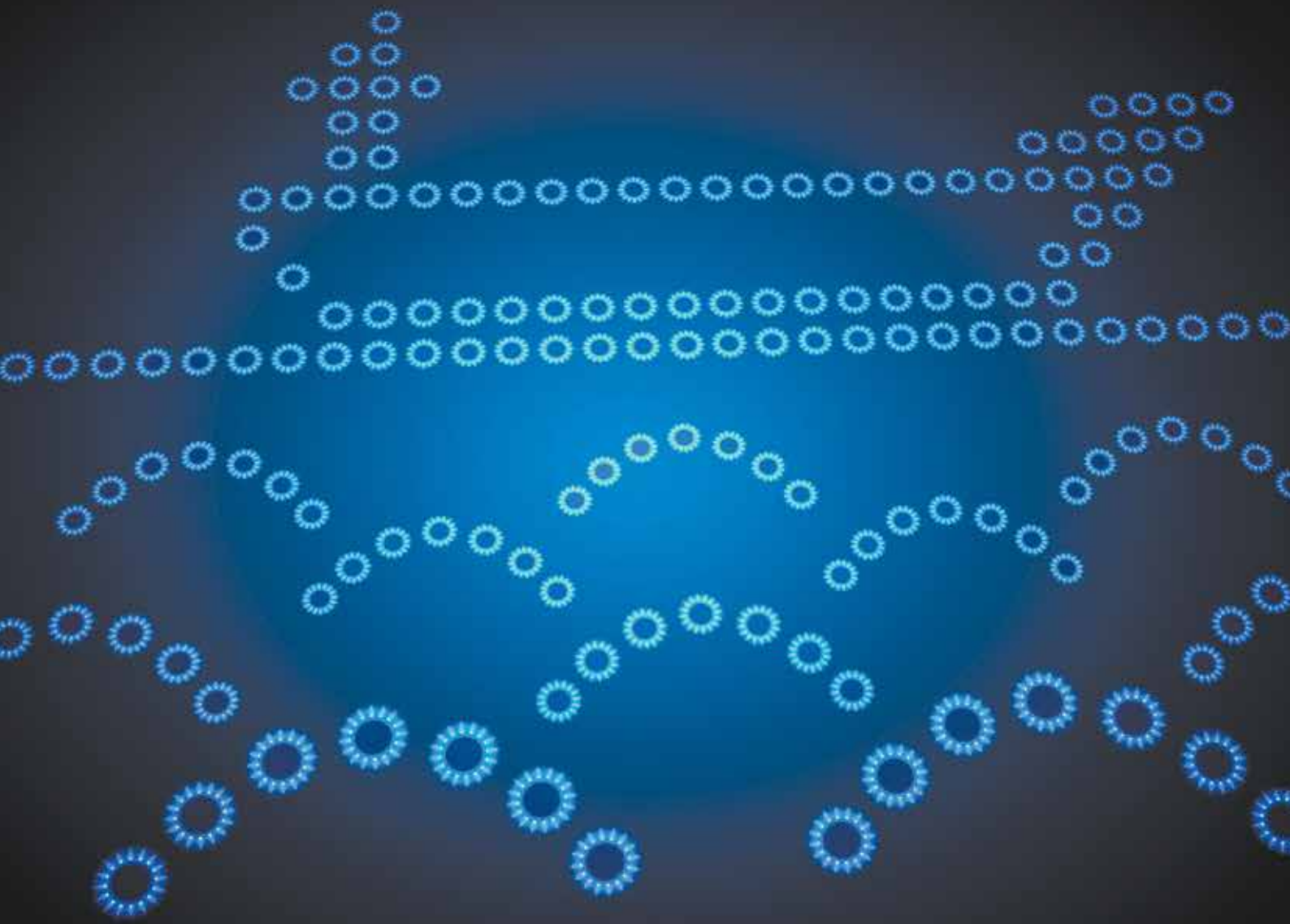
Australians have the capacity to influence their economic future and APPEA is asking them to get involved and support this country's natural advantage.

Australia cannot afford to forgo further investment in natural gas projects.

To find out more and support this campaign, go to www.ournaturaladvantage.com.au.

appea

the voice of australia's oil and gas industry



Don't let Australia lose $40 billion a year in exports.

Natural Gas in all its forms is Australia's next resource boom and will fuel our economy for decades to come. It will earn our country $40 billion a year in extra exports. But that future success is threatened by people who don't care enough about losing Australian jobs and investment.

So help secure a brighter future for Australia at:

ournaturaladvantage.com.au

APP0003/E/WABN

Authorised by APPEA, Canberra, Act

Bringing PRRT into the 21st Century

Noel Mullen

The petroleum resource rent tax (PRRT) regime was extended to all petroleum activities in Australia just over a year ago. There have been teething problems and it is timely to take stock of the issues that will shape the PRRT's future operation.

The PRRT was originally introduced in the late 1980s. It replaced federal royalty and production excise regimes at most offshore projects. The benefits associated with the new profits-based regime have been well documented over many years.

It is important to remember that extensive consultations were undertaken from 1983 to 1987 to ensure that a quality and efficient system was introduced and that PRRT has generally received bi-partisan support.

While the PRRT's underpinning principles remain as valid today as they were three decades ago, the industry has undergone much change over the period.

When the tax was originally introduced, it was mainly targeted at offshore oil projects. But the industry is now focused on developing Australia's gas resources.

Today, the industry's operations are characterised by complex operational structures, high project costs and strong competition to capture domestic and export markets. One consequence is significant time lags between the discovery of resources and final investment decisions for projects.

Recent litigation and the complexities in transitioning onshore projects into the PRRT regime have highlighted a range of complicated issues that must be prioritised in future discussions between the industry and the Australian Government.

The Australian Taxation Office's recent draft ruling on what that agency considers to be 'exploration' highlights the need for such taxes to be 'modernised' to reflect current practice. Perhaps more importantly, it shows that rigid definitional outcomes based on minimal parliamentary guidance should be replaced with genuine policy engagement.

Many onshore projects must grapple with PRRT policy uncertainties and with the significant costs in ensuring that 'transitional' elections are correctly completed. This diversion of time and resources dilutes the funding available for day-to-day operational activities.

The ATO has demonstrated a willingness to work closely with APPEA and the industry to address the complexities of the process, but considerable work remains to be done.

As we enter the second and third years of the transition process, the number of companies coming under the PRRT is growing. There is a real risk that interpretative concerns will be exacerbated or multiplied.

A strong commitment from the Australian Government to genuinely consult—at both a policy and an administrative level—will be critical to addressing this problem.

previous next
Back to contents

New frontiers come with the Territory

Steven Gerhardy

The NT is emerging as one of Australia's most dynamic and exciting oil and gas industry hubs. Offshore activity based around projects such as Bayu-Undan/Darwin LNG, Blacktip and Ichthys has attracted a lot of attention, but the prospect of major onshore oil and gas finds is now also drawing serious exploration investment.

The Mereenie and Palm Valley fields in central Australia's Amadeus Basin were first developed in the 1960s. But since then there has been no new onshore oil and gas production and onshore exploration has been sporadic and sparse.

However, the Amadeus — which continues to be a significant source of gas supply — provides valuable infrastructure that could help commercialise new petroleum finds.

This existing infrastructure and new perspectives on the NT's potential for rich onshore oil and gas fields have drawn a new generation of onshore explorers.

The development of a commercial shale and tight gas sector in the US and new perspectives on geology have prompted a reassessment of the NT's onshore petroleum potential. Several NT basins are believed to have geological similarities to US shale gas regions and could hold large gas resources.

Big players such as Santos, StatOil and Total SA have followed juniors such as Central Petroleum, Blue Energy, Falcon Oil & Gas, Pangaea Resources, Tamboran and Armour Energy into the onshore NT. These companies are now undertaking, preparing for, or planning exploration campaigns targeting a wide range of potential oil and gas reservoirs.

And it's not just the Amadeus Basin — previously ignored areas such as the onshore Bonaparte, the Pedirka, the Wiso, the Beetaloo, the Macarthur and the Georgina basins are also being explored.

Darwin relies on gas from the Amadeus and from the Blacktip offshore field. Shale gas offers the opportunity to expand and diversify the Territory's gas market and further strengthen natural gas as a cornerstone of the NT economy.

It's still early days, but if onshore NT exploration is successful, shale and tight gas development will offer job creation and economic opportunity in remote regions, improve regional infrastructure and services, benefit indigenous communities and pastoralists, and create significant revenue for the Territory and Australian governments.

Meanwhile, offshore exploration continues to expand in the Timor Sea and Bonaparte Gulf.

APPEA sets up NT office

Recognising the NT's growing importance as an onshore and offshore oil and gas province, APPEA opened a Darwin office in early August.

APPEA will work closely with the NT Government as it progressively reforms its onshore regulatory regime. Regulation must be effective at ensuring the community's expectations for environmental protection and safety are met and must apply to industry in an efficient and transparent manner.

Community engagement will be essential to ensure the successful long-term development of the Northern Territory's onshore gas industry.

APPEA will work with industry to keep the community informed about the industry's activities, building relationships based on integrity, transparency, fairness and respect. Discussions have already begun with the NT Cattlemen's Association. APPEA also aims to develop closer ties with groups representing Indigenous Australians, fishermen and farmers.

The oil and gas industry is confident that its commitment to best practice and further development of the onshore regulatory regime will secure community support in the NT, enabling the development of onshore gas for the benefit of all Territorians.

Steven Gerhardy has almost 30 years of experience with the resources industry, working in government and industry positions in Canberra and Perth. He began working in APPEA's Perth office in 2005 after eight years as a government affairs manager with Woodside Energy. He was appointed as APPEA's Director – Northern Territory on 7 August.

Existing infrastructure and new perspectives on the NT's potential for rich onshore oil and gas fields have drawn a new generation of onshore explorers.

Cooper keeps on keeping on

Australia's oldest gas province has a new lease of life.

At its peak, in the early 1990s, the Cooper Basin produced about 200 petajoules (PJ) of gas a year before slipping into decline. Production fell to 91.8PJ in 2011, but it increased to 94.4PJ in 2012.

New gas projects and infill drilling are now driving up production. Oil and gas consultancy, EnergyQuest, forecasts that gas projects targeting traditional sandstone reservoirs will be producing about 170PJ/year towards the end of this decade. And when this source of gas production begins to decline, new sources will be ready to step into the gap.

By 2020, the Cooper Basin's gas production will again be at around 200PJ/year, thanks to shale gas and tight gas projects coming onstream, according to EnergyQuest.

The Cooper has long been the province of Santos, Beach Energy and a handful of juniors. But promising results from new projects have prompted two major international players — Chevron and BG Group — to farm-in to Cooper Basin projects.

The region is also attractive for its well-developed oil and gas infrastructure and because it operates under South Australia's onshore oil and gas regulatory framework, widely recognised as being the best in the country.

APPEA Chairman and Santos Chief Executive David Knox told the 2013 APPEA Conference that South Australia's regulatory systems mesh well with real-life operational best practice.

"The industry is held to high standards, but the regulation is sensible, streamlined and based on sound science and technical practice," Mr Knox said.

Notable gas projects and ventures in the South Australian portion of the Cooper Basin include:

- the SACB JV (South Australian Cooper Basin Joint Venture) infill drilling program (Santos, Origin Energy and Beach Energy)
- the Moomba Shale Gas project (Santos)
- the Western Cooper Wet Gas JV (Drillsearch and Santos)
- the Deep Onshore Gas Project (Beach Energy and Chevron)
- the Hornet tight gas project (Senex).

The Moomba gas plant and other infrastructure make the Cooper Basin attractive to gas developers

WA gas industry comes ashore

Western Australia is well known as Australia's leading oil and gas state, but its onshore oil and gas industry has long been overshadowed by WA's large offshore fields.

However, a May 2013 US Energy Information Agency (EIA) report indicates that onshore WA could hold gas resources comparable with those in the state's offshore basins.

The EIA says the Canning Basin, in the state's north, could have up to 235.4 trillion cubic feet (tcf) of gas in its Goldwyer Shale formation alone. This would make the Canning a world-class shale gas province. Exploration wells and geological studies indicate that the Canning's Laurel formation also holds significant tight gas resources.

The Perth Basin's potential shale gas resources are much smaller — 24.9tcf in the Carynginia shale and 8.1tcf in the Kockatea Shale, according to the EIA. But this is still substantial. The presence of the Dampier-Bunbury and Parmelia pipelines, and this region's proximity to metropolitan Perth and the MidWest mining hub, make the basin's gas fields attractive targets for development.

This region also has substantial gas resources of about 10tcf in classic sandstone and tight sandstone reservoirs. But further work needs to be done to identify how much of this can be recovered.

Perth Basin gas production had been declining for several years, but the recently commissioned Empire Oil and Gas Red Gully project has reversed this trend and increasing activity in the region gives hope that a renaissance is coming.

Notable Perth Basin onshore gas appraisal and development projects include:

- Whicher Range tight gas (Whicher Range Energy)
- Warro tight gas (Latent Petroleum and Alcoa)
- Senecio tight gas (AWE)
- Woodada Deep shale gas (AWE)
- Arrowsmith shale gas (Norwest Energy and AWE)

Notable Canning Basin oil and gas exploration and appraisal projects include:

- Laurel Gas (Buru Energy and Mitsubishi)
- Ungani Oil (Buru Energy and Mitsubishi)
- Southern Canning shale gas and liquids (New Standard Energy, ConocoPhillips and PetroChina).

As well as stepping up exploration and appraisal activity, the WA onshore gas industry is also increasing its community engagement work. APPEA has joined with the WA Department for Mining and Petroleum and CSIRO to hold regional workshops to hear and respond to questions from the community

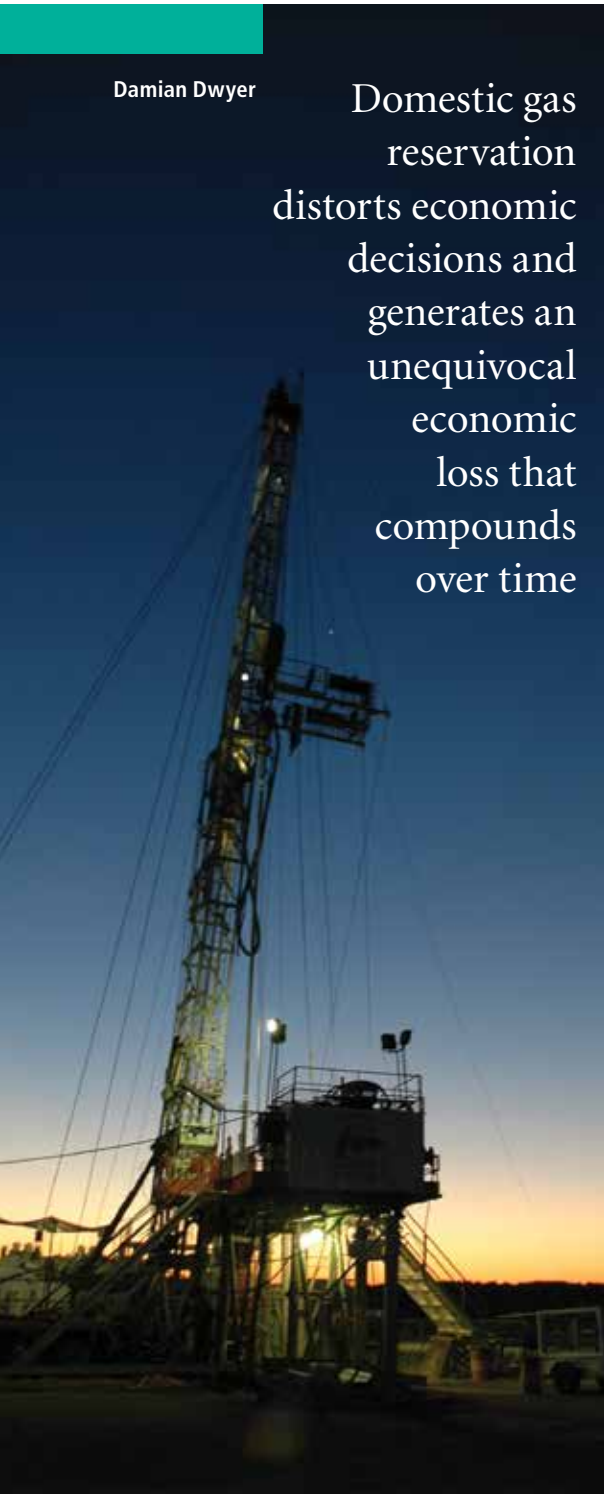
Individual companies are also engaging with indigenous groups, farmers and pastoralists and are attending community meetings in their local areas to answer questions on development.

The Canning Basin could become a world-class gas province.

Gas reservation counterproductive

Damian Dwyer

Domestic gas reservation distorts economic decisions and generates an unequivocal economic loss that compounds over time



Australia has vast gas reserves and resources. But relatively few Australians understand the remarkable economic opportunity offered by the country's gasfields.

The development and expansion of Australia's liquefied natural gas industry presents an unprecedented opportunity for national income growth. Committed investment in new Australian LNG projects stands at more than $190 billion. The new projects scheduled to come into production in the next few years will transform this country into the world's largest gas exporter by 2017 and could generate $53 billion in export earnings between 2013 and 2017.

One of the drivers behind the expansion of Australian LNG is the development of the east coast gas export industry.

Exporting gas from eastern Australia will deliver substantial and widespread economic benefits. The gas industry's economic linkages are not only broader and deeper than commonly appreciated, but its operations also have wider, welfare-enhancing economic spill-overs.

Regions of Queensland — such as Gladstone, Toowoomba and the Western Downs — are already experiencing employment and income growth thanks to onshore gas developments driven by the LNG sector.

While this is happening, the Australian gas market, particularly on the east coast, is going through a period of transition. Several factors — including changing cost structures, demand and supply interactions, and restrictions on the gas industry's ability to access resources — have changed market dynamics facing both producers and customers.

These changes are affecting local industries that use gas in their production processes. This has led to calls for some gas production to be reserved for local use, at prices below those prevailing in the export market, or for other forms of market intervention.

Such calls have seen the establishment of a domestic gas reservation in Western Australia.

While the impact of the WA scheme is still unfolding, experience from that State and from similar interventions overseas indicates that such policies have unintended adverse economic consequences.

In effect, domestic gas reservation simultaneously places a tax on domestic gas production and a subsidy on domestic gas consumption. Like all taxes and subsidies, it distorts economic decisions and generates an unequivocal economic loss – one that compounds over time as future investment decisions are affected.

A new Deloitte Access Economics report — *The economic impacts of a domestic gas reservation* — shows that introducing a domestic gas reservation in eastern Australia would come at a significant cost to the nation's economic welfare.

The report's lead author, Deloitte Access Economics partner, Professor Ian Harper, found that introducing a domestic gas reservation in the eastern states would cost the Australian economy substantially. The amount would build over time and by 2025 would reach $6 billion a year in foregone GDP at 2025.

Go for growth without reservation

In recent decades, successive Australian governments have recognised the benefits of freer markets and freer trade. Their steady removal of market distortions has delivered significant economic benefits to the nation. A domestic gas reservation would only serve to reverse these gains, according to Professor Harper.

"The implicit tax a reservation policy would impose on local gas producers would discourage investment in developing otherwise profitable gas deposits. This would perversely reduce supply for both domestic use and export," Professor Harper said.

"The implicit subsidy to domestic gas users, on the other hand, would encourage inefficient use of gas where other energy sources would be more efficient."

Using such a policy to interfere in the operation of the market comes at significant cost to the economy.

Many of the arguments for a domestic reservation scheme are based on inappropriate use of input-output modelling that fails to account for the opportunity cost of the inputs used in domestic production.

A loss of economic value — or opportunity cost — occurs when gas is used in ways that generate less economic value than would be delivered by allowing the market to determine the use of that gas. This is a net loss of economic welfare to all Australians.

The Deloitte Access Economics report finds that when the flow-on effects are analysed comprehensively — in an economy-wide, general-equilibrium context — the economic losses are unequivocal. Every 1 per cent of future gas exports artificially re-directed towards the domestic market reduces GDP by an estimated $150 million per year.

Bad idea, bad timing

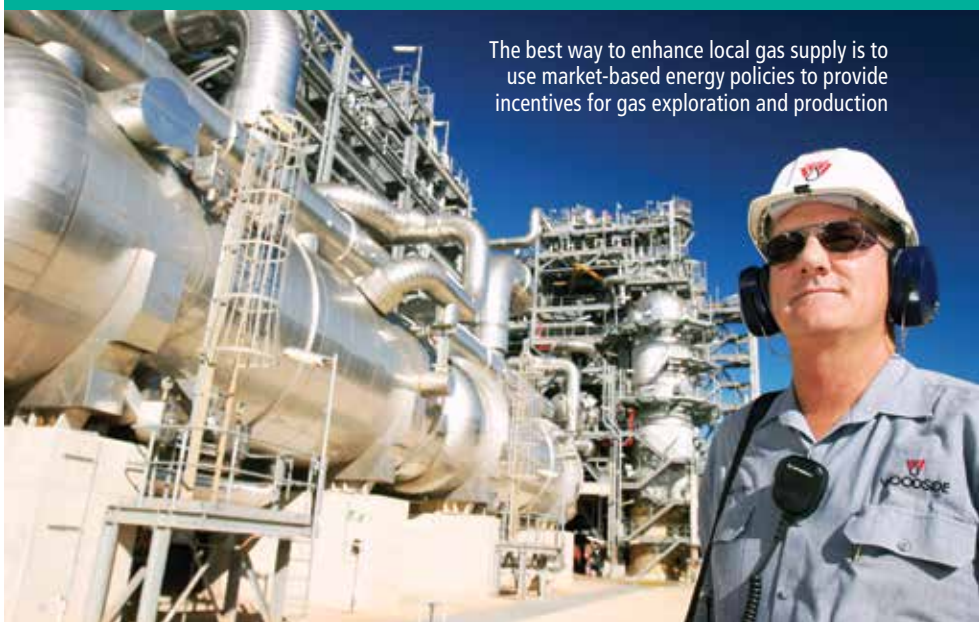
Australia's economic growth and government revenue growth are faltering. Questions are being raised over what industries will drive the next phases of Australia's economic development. This is a particularly bad time to further weaken the market-based policy framework that has underpinned our prosperity over the last two decades.

It is difficult to mount a compelling economic case for providing support to Australia's manufacturing sector under any circumstances, let alone when this support comes at the direct expense of export income in other sectors.

The best way to enhance local gas supply is to use market-based energy policies to provide incentives for gas exploration and production.

Laws that dictate where and how gas can be sold invariably deter the very investment needed to develop untapped gas reserves. And diverting resources from their highest and best use seldom — if ever — enhances prosperity.

Professor Ian Harper will release the Deloitte Access Economics report — *The economic impacts of a domestic gas reservation* — at the 2013 APPEA Onshore Gas Conference and Exhibition at 8.30am Wednesday 2 October. Once released, the report will be available for download from www.appea.com.au



The best way to enhance local gas supply is to use market-based energy policies to provide incentives for gas exploration and production

Cracking the codes

Stedman Ellis &
Rick Wilkinson

APPEA's National Onshore Gas Forum is working to establish national codes of practice covering three key areas: safe and responsible operations; measures for environmental protection; and long-term benefits to local communities.

The codes are being developed with input from APPEA members. They will provide a best-practice framework for safe and responsible onshore gas exploration and production operations in sandstone, shale, tight and coal seam gas reservoirs.

The industry codes recognise the community's right to know how the industry operates, the materials it uses, and how its operations are monitored. These codes require:

- Public reporting on hydraulic fracturing environmental management plans and chemicals.
- Protection and conservation of underground water supplies.
- The use of safe, well-established technology.

The Australian onshore gas industry has a long history of safe operations. It has been well managed and highly regulated for five decades. But it has now entered a new era in which new technology enables gas production from coal seams, shales and tight rocks, as well as classic sandstone reservoirs.

National codes will guide industry operations and build both transparency and understanding.

New opportunities, new codes

Natural gas from sandstone reservoirs has been produced safely for about 50 years in Australia and more than a century worldwide. Gas from coal seams has been produced commercially for more than 17 years in Queensland where it has minimal environmental impact and co-exists successfully with various forms of agriculture.

Now Australia also has the opportunity to follow the US in producing gas from shales and tight reservoirs. Shale gas and tight gas production have revolutionised the US economy and driven down that country's greenhouse emissions. These new sources of gas could offer similar benefits in Australia.

Developing national onshore gas industry codes of practice that apply to different types of reservoir rocks right across Australia will help communicate standards of best practice to industry, government and the public. By doing this it will:

- guide industry operations
- provide guidelines for reforming regulation so that it can be rigorous yet consistent
- build transparency and understanding of gas industry operations.

The onshore gas industry can generate clean, reliable and efficient long-term supplies of gas for many decades to come. Building the confidence and trust of the community is central to its long-term success.

By implementing these codes of practice, explorers and producers are committing to the highest standards of management and consultation.

This will help ensure that industry standards are high and will help the community understand the way the industry operates. It will also help address anti-development misinformation campaigns being driven by some opponents of the gas industry.

The onshore gas industry can generate clean, reliable and efficient long-term supplies of gas for many decades to come. Building the confidence and trust of the community is central to its long-term success.

Firm foundations for strong codes

APPEA has already drawn from industry knowledge to develop a Code of Practice for Hydraulic Fracturing in Western Australia and is finalising a Code of Practice for Land Access in NSW. These codes are just one way in which industry has worked with government to establish a framework of best practice to support effective regulation and enhance community understanding.

In Western Australia, the Code of Practice for Hydraulic Fracturing was used to provide industry input into a state government review of regulation and communicate minimum standards to the public. Similarly, the new national codes could be helpful for state and territory governments seeking to develop laws and regulations that are consistent with those in other Australian jurisdictions.

These codes are based on industry operational experience, real-world scientific and technical knowledge and sensible risk management. These sound foundations mean they can be used to help develop consistency across jurisdictions to produce a framework that ensures high environmental and safety standards without being unnecessarily cumbersome or restrictive.

Doing so would advance onshore gas production across Australia, enhancing the nation's economic development, jobs growth and energy security.

Queensland races ahead but NSW stuck at starting line

Rick Wilkinson

APPEA's latest industry data figures for the first quarter of 2013 show natural gas companies have now signed 4017 land access agreements with Queensland landholders since 2011, and their contributions to regional community projects and organisations in that state have topped $100 million.

These figures also underline how a great deal can be achieved through open, transparent and informative negotiation based on mutual respect and trust. Queensland is showing that agriculture and industry can co-exist to each other's mutual benefit. Many of the state's farmers now enjoy land access payments, new infrastructure and drought-proofing from inexpensive treated water from coal seam gas operations.

Meanwhile, Queensland's gas industry workforce continues to grow. From June 2012 to the end of the year the state's gas industry added more than 8000 people to its workforce as significant progress is made on liquefied natural gas (LNG) projects worth more than $60 billion.

It is believed that the Queensland gas industry (including contractors) has created about 30,000 jobs, but there are fewer than 300 such jobs in NSW. The NSW Government

continues to ignore economic opportunity, jobs and the crucial need for a safe and secure energy supply.

The state's natural gas industry continues to languish amid uncertain regulation. NSW Government first implemented a moratorium on natural gas development that lasted 15 months. This was followed by a Strategic Regional Land Use Policy introduced after widespread consultation over the period of the moratorium. Without any warning or consultation, the industry now faces two-kilometre buffer zones.

The introduction of these blanket 'no-go' zones is not based on evidence. These shifting goal posts and the red-tape laden decision-making process ignore science and the commendable environmental record of an industry that has been operating in Australian for more than 40 years.

The fact that NSW's primary source of natural gas has safely operated in western Sydney for more than a decade has somehow been lost on the state's policymakers.

Only six jobs were created in the NSW gas industry workforce in 2012, bringing the total to just 326 employees. But since then, some NSW gas projects have been abandoned or put on hold and jobs have actually been lost.

Just four land access agreements signed in NSW during the first quarter of 2013, bringing the total to 285. No new natural gas production wells have been commissioned this year in NSW. NSW continues to import 95 per cent of its natural gas from other states.

The state's long-term gas supply contracts are due to expire over a two-year period, starting next year. This looming gas supply shortfall has the potential to hurt both businesses and households.

The state's failure to respond to increasing gas demand will push up energy prices, undermine energy security cost jobs and curtail economic opportunity.

People in NSW only need to look north of the Tweed to see how things can be done. Queensland is getting on with the job of safely developing natural gas from coal seams and creating jobs.

Rural and regional communities are thriving on the back of a stable natural gas industry and kids who would normally leave country towns for the city are staying because they can secure solid, well paid employment.

The reason is simple. It's because governments, both past and present, along with community leaders have seen beyond the hyperbole and misinformation.

The experience stands in stark contrast to NSW where short-sighted policymaking creates more uncertainty for industry and all stakeholders.

The state's failure to respond to increasing gas demand will push up energy prices, undermine energy security cost jobs and curtail economic opportunity.

CEOs step up for safety

Miranda Taylor

The 2013 APPEA CEO Safety Forum has set a new target for the Australian oil and gas industry—a 50 per cent reduction in hydrocarbon releases over the next few years.

The gathering of industry chief executives and other senior leaders was held in Perth on 5 August, the day before the 2013 APPEA National Oil and Gas Safety Conference began.

The forum recognised that hydrocarbon releases can lead to major accidents and fires, explosions or the release of dangerous substances can cause deaths or serious injuries.

Recognising that the oil and gas industry has a collective responsibility to maintain the integrity and safety of its facilities and operations, the forum committed to developing an industry-wide drive to continue to reduce the potential for leaks.

Workers offer enormous experience and insight and have a critical role in managing risk.

Teaming up to tackle risk

The CEOs decided to formally engage the industry's workforce in this initiative and seek ways to take advantage of international industry experience.

They agreed that the Australian oil and gas industry can make relatively quick progress by having local industry leaders, regulators and workers adapt tools and systems that have been successful in overseas operations.

From the design phase of projects to frontline operations, workers have a critical role in managing risk. They offer enormous experience and insight that will be invaluable in adapting safety tools and systems and in applying them to Australian operations.

A range of safety tools, including toolbox meeting materials—such as presentations and videos—will help build a common understanding across the Australian workforce of what needs to be done on a daily basis to keep hydrocarbons contained, for example addressing safety critical plant and equipment and preventative maintenance routines.

Regardless of their role, everyone across the workforce—from the frontline to the boardroom—has a critical part to play in making sure that their companies and the industry as a whole build a strong safety culture.

Keeping hydrocarbons contained is essential—we do not want another major accident or ever to put our people's lives at risk.

HSR Forum

The 2013 HSR Forum was held at Crown Perth on 5 August, immediately preceding the APPEA National Oil and Gas Safety Conference. It attracted almost 200 delegates.

The program provided several thought-provoking presentations, as well as many opportunities for engagement, including an interactive role play about improving safety, one act at a time, and panel discussions on fatigue, heat stress and teams, routine and change.

The day concluded with the presentation of the APPEA HSR of the Year Award, which recognises an outstanding health and safety representative in the Australian oil and gas industry who has made a valuable contribution to the health and safety of fellow workers. This year's recipient was Sean Turnbull from Santos, a process operator at the Tirrawarra site in the Cooper Basin.

HSR of the Year, Santos's Sean Turnbull (right), receiving his award from 2012 HSR of the Year, Origin Energy's Shane Borg

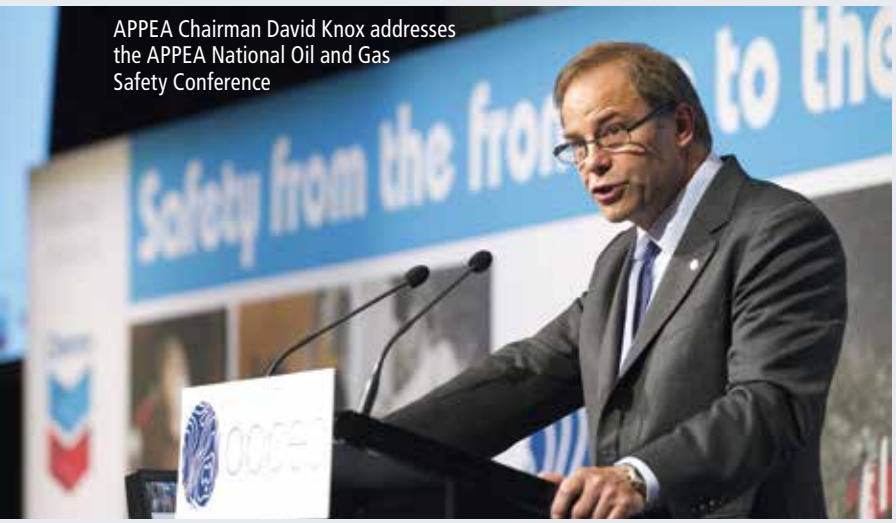
APPEA Safety Conference

The 2013 APPEA National Oil and Gas Safety Conference was held at Crown Perth on 6–7 August. More than 400 delegates attended the event.

Keynote speakers included Professor Sidney Dekker who is acclaimed worldwide for his ground breaking work in human factors and safety and Dr Ali Dale who has consulted extensively to the resources industry across 18 countries throughout Asia, the Pacific, South America, North America, Europe and Africa.

International speakers discussed changes in industry practice following the Macondo incident in the Gulf of Mexico.

Nine concurrent session streams covered process safety, human factors, safety culture and leadership, occupational health, onshore safety, emergency response, and technical and operational matters.



APPEA Chairman David Knox addresses the APPEA National Oil and Gas Safety Conference

The exhibition area at the APPEA National Oil and Gas Safety Conference

APPEA Health and Safety Awards

The 2013 APPEA Health and Safety Awards were presented at the Conference and Awards Dinner. The winner was Weatherford Australia for its Rig 9 RADAR Rap, which uses music and humour to push a strong safety system message.

During a site visit to meet the crews, Weatherford senior executives overheard the crew of Rig 9 rapping about RADAR (Recognise, Approach, Discuss, AGREE, Report).

The crew had incorporated the RADAR definitions into an entire song on their own initiative, mainly in order to help the younger members of the crew. The end result was a music production team visiting Rig 9 to film and produce the rap video. The response from industry has been overwhelming. Many companies now use the video in their inductions.

Weatherford has seen health and safety performance on its rigs steadily improving since the launch of the RADAR Rap. The rap video can be found on YouTube.

Apache was highly commended for its submission, Giving and Receiving HSE Feedback.

All finalists' submissions were displayed in the poster presentation in the exhibition area. The Industry Choice Award was determined after the delegates had the opportunity to vote for their favourite initiative.

The winner of the Industry Choice Award was Weatherford for Rig 9 RADAR Rap. Esso Australia was a close runner-up for its Elevated Helicopter Inspection Platforms.

A panel discussion at the HSR Forum

THE AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION ASSOCIATION PRESENTS

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KEY DATES

Exhibition and sponsorship packages on sale — September 2013

Program released — November 2013

Delegate registrations open — November 2013

Early bird registration closes — February 2014

For all event enquiries: www.appeaconference.com.au

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