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Damaging precedent for NSW resource development

Today's decision by the NSW Government to suspend the right of a petroleum exploration and production company, Metgasco, to drill an exploration well in northern NSW just days before commencement of drilling activity is of significant concern to the industry and sets a damaging precedent for resource development in that state.

Investors should be concerned about what constitutes "genuine and effective consultation" in NSW. The industry is concerned that the presence of protestors at an operational site should not mean that genuine consultation with the community has been ineffective.

The now-suspended Metgasco program was:

- To drill a vertical natural gas exploration well on an unused gravel quarry site; the company was endeavouring to determine the volume of potential natural gas reserves within its lease;
- Supported by the landholder who had signed a voluntary agreement with the company;
- Proposed by a company that has operated in this part of NSW for almost 10 years;
- Approved by the relevant regulatory bodies including the NSW Department of Resources and Energy, the NSW Office of Coal Seam Gas, in consultation with advice from the NSW Office of Water, the NSW Department of Primary Industries, the Environment Protection Authority and the NSW Office of Environment and Heritage.

Protest action at this site is part of a well-organised and well-resourced strategy to stop energy development across Australia and it has included both illegal and threatening behaviour, including the placement of booby traps.

Companies willing to invest tens of millions of dollars in projects to bolster the state's gas supply now face an uncertain future courtesy of a campaign by The Greens and extreme environmental groups to stop the production of traditional energy sources.

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