

**LEGISLATIVE COUNCIL**  
**Question on notice**

20 SEP 2011

**Tuesday, 9 August 2011**

4372. Hon Robin Chapple to the Leader of the House representing the Minister for State Development.

I refer to question on notice No. 3847 to the Leader of the House representing the Minister for State Development answered on 29 June 2011, and ask -

(1) Does the Minister for State Development support the development in Western Australia of -

(a) underground coal gasification (UCG);

(b) the extraction of coalbed methane (CBM) (known as coal seam gas (CSG) in Australia);

(c) the development of shale gas reserves; and

(d) the development of coal gas (also town gas and illumination gas)?

(2) Does the Minister for State Development support the use of hydraulic fracturing or hydrofracking for the recovery of oil and natural gas in Western Australia?

(3) If no to (1) and/or (2), will the Minister for State Development seek to advise exploration companies of his position?

(4) Is the Minister for State Development aware that Green Rock Energy and Backreef Oil had applied for and secured funds from the second round of the co-funded drilling program of the State Government's Royalties for Regions-funded \$80 million Exploration Incentive Scheme (EIS)?

(5) Given Green Rock Energy and Backreef Oil's stated objectives, does the Minister for State Development support them securing funds from the EIS?

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**Answer**

**Department of State Development advises:**

(1 a-d) The Western Australian Government supports the responsible production of mineral and petroleum resources for the economic development of the State. The Government offers in principle support for development in Western Australia of underground coal gasification, coal seam gas, shale gas and coal gas subject to rigorous approvals and regulatory processes.

At present there is little evidence to suggest that Western Australia is prospective for coal seam gas, coal gas or underground coal gasification projects. While a few companies have indicated that coal seam gas may be a potential secondary target during exploration for other resources such as coal, its potential for development in Western Australia is considered low due to environmental concerns and the limited availability of the resource in comparison to other unconventional gases.

Western Australia is highly prospective for shale and tight gas. The Energy Information Agency estimates that Western Australia has shale gas reserves of 288 trillion cubic feet, which is almost double the volume of known conventional gas reserves in Western Australia's offshore areas.

(2) Hydraulic fracturing or hydrofracking is a necessary part of the process of developing unconventional gas resources. The Government supports the use of hydraulic fracturing or hydrofracking subject to rigorous approvals and regulatory processes. The Government is aware of issues in Queensland with using hydraulic stimulation in close proximity to an aquifer to target coal seam gas. The Western Australian Government is working closely with other governments to learn from experiences in other jurisdictions.

However, Western Australia's shale and tight gas resources are located at significantly greater depths than the resources targeted in Queensland and are typically separated from potable water aquifers by more than 1000 metres. The geology of shale and tight gas reservoirs prevents gas migrating into the water table.

The Government applies a rigorous and transparent approvals process to all projects to ensure that they meet the State's high operational standards. Upstream petroleum is regulated by the Department of Mines and Petroleum under the Petroleum and Geothermal Energy Resources Act 1967, which stipulates stringent requirements and processes.

Companies intending to carry out drilling and stimulation operations need to submit a number of applications to the Department of Mines and Petroleum, including a:

- Drilling Application;
- Environmental Management Plan; and
- Safety Management Plan.

In addition, for any activities using hydraulic stimulation, the Department of Mines and Petroleum requires a list of chemicals to be used and detailed information on how aquifers will be protected.

(3) Not applicable.

(4) Green Rock Energy and Backreef Oil applied for and were offered funding as part of the Exploration Incentive Scheme, but neither company received any funding. Under the Exploration Incentive Scheme Government Co-funded Exploration Drilling Program companies are required to complete the drilling program in the 12 month period specified in their application. At the completion of drilling companies may apply for a refund from Government of up to up to 50% of direct drilling costs, capped at \$150,000 for general multi-hole applications and up to \$200,000 for a single hole application. Green Rock Energy

and Backreef Oil were offered funding but did not complete drilling within the required 12 month period (by June 2011) to seek a refund.

(5) Not Applicable.

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