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HD CSG wells stake claim on Darling Downs
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FARMING communities pondering the potential of a coal seam gas (CSG) future won't find a better example than Origin Energy's Condabri gas field at Miles on Queensland's Darling Downs.

Even before touchdown at Miles' newly refurbished airport (upgrades courtesy of Origin) it is plain to see the Darling Downs is bubbling with CSG activity.

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Central and southern Queensland is ground zero for Australia's onshore gas boom, and the closest thing other States have to a CSG crystal ball.

However, as is often the case with NSW and Qld, it's worth pointing out some significant differences between the neighbouring States.

From the air, Miles' paddocks and bushland are dotted with gas well pads; access roads criss-cross between them, converging at production plants and holding ponds.

However, NSW's gas industry is notable only for its potential.

One relatively small gas field is in operation and two are under exploration.

Across the Darling Downs, dozens of different gas fields are ramping up to production. Four companies are busy drilling thousands of wells across hundreds of properties.

Landholders receive compensation for each well on their property, but to date, payments have not been disclosed by gas companies or landholders.

These payments have been sunk into farm enterprises, said Origin regional manager Rob Hart.

"We are seeing the next wave of investment on the back of the compensation payments," Mr Hart said.

Origin had made more than 500 access agreements and negotiated every outcome without resorting to legal proceedings, he said.

Miles has seen some big changes out in the paddocks and in the town. A great grid of gas wells extends across Condabri " about 500 in total, spaced roughly every 750 metres. Each has an access road and is connected by underground gas and water pipes. Salty water sucked up along with gas from one kilometre deep coal seams is piped through a reverse osmosis facility and pumped back to farmers for irrigation.

Osmosis removes salts and impurities from the groundwater, producing an impure mixture of salts and chemicals, for which no commercial use has been found. Origin will bury the salt from its gas operations in landfills double-lined with PVC.

Miles' population swelled by more than 2000 people during Condabri's construction, but the workforce will shrink below 70 during the production phase.

During the construction influx, rental of a four-bedroom house hit \$1000 a week and the purchase price for the same sort of house reached \$550,000, Mr Hart said.

Rentals had levelled off at \$450 to \$500 a week now the workforce has fallen, but new construction rolled on as builders fulfilled contracts signed during the boom.

Nevertheless, local businesses have grown on gas.

Origin has 14 gas fields in development, spread from Roma to **Chinchilla**.

In Miles, McGuire's charter bus service grew from one local school run to a fleet of 35 buses transporting workers from Brisbane to Miles. A range of other businesses have benefited such as service stations, machinery shops, cafes and accommodation. Farmers' children have returned to the land.

Mr Hart grew up down the road on a farm in **Chinchilla**.

"There would be tumbleweeds rolling down the main street without gas," he said.

Origin has invested \$3.8 **million** in affordable housing for its boom-town communities across the Downs and delivered more than 38 scholarships for apprentices. Santos, Arrow **Energy** and Queensland Gas **Company** are also developing gas on the Darling Downs to the same scale as Origin.

Combined, the three companies' investment will total \$70 **billion**.

A 500-kilometre pipeline will extend to Gladstone's Curtis **Island** export terminals.

Origin general manager strategic development Rebecca Pickering said there had only been "minor areas of small erosion" along the pipeline, which crosses many dozens of private landholdings.

Liquefied natural gas (LNG) will be produced and shipped to hungry Asian markets which will pay three times as much as gas currently sells for in Australia.

Condabri is expected to produce for up to 15 years.

Origin said its Darling Downs overall plans could last 20 years.

For the next two decades gas exports will run, royalties will roll, farmers will get paid and irrigation water will flow. What happens afterwards remains to be seen.

FEEDLOT owner Simon Drury, Miles, Queensland, welcomes the dividends from the 48 CSG wells on his 2000-hectare **property**.

"We are extracting an income from them (Origin), and it is a win-win for both of us," he said.

Well construction kicked off two-and-a-half years ago.

He cited compensation payments and increased water supplies as chief benefits.

Mr Drury did not specify how much compensation he received per well, but said it was "insignificant" compared with his feedlot business. He said it amounted to a "fair price" for the amount of disturbance caused.

Journalists toured Mr Drury's **property** with Origin. He uses seven pivot irrigators to grow fodder for his 5000-head feedlot and brings in about 20,000 tonnes of grain a year. Mr Drury grew peanuts until a few bad seasons, but he now hoped to get back into production with irrigation water "gratis from Origin.

"We used to rely on allocations from the Condamine River, which was unreliable, but we can bank on the supply from Origin," he said. Mr Drury's current allocation is 1000 megalitres.

Origin general manager strategic development Rebecca Pickering said about 17 gegalitres would be available annually when production hit full tilt.

Gas and water pipes and wiring (known as the gathering system) were sunk in the soil to a depth of two metres, safe from deep ripped equipment.

However, Origin must be notified of fencing or drilling on the **property**.

"If you have any commonsense you will just work with the **company** and then it's easy," said Mr Drury.

He said Origin placed its wells away from productive irrigation areas when possible.

In one paddock, where irrigation and well location overlaps, he has built ramp over the well.

Mike Foley travelled to Qld courtesy of Australian Petroleum Production and Exploration Association.

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