

17 December 2013

Mr Barry Broe
Coordinator-General
Office of the Coordinator-General
Department of State Development, Infrastructure and Planning
PO Box 15517
City East QLD 4002

Dear Mr Broe



Application for Change Request

Thank you for your letter dated 19 September 2013 providing an opportunity for Santos GLNG to review imposed auditing conditions for the Project and Nicole Buchanski's subsequent discussion with you on 9 December 2013.

Santos GLNG has undertaken annual third party compliance audits for the last two years in accordance with the current statutory audit requirements. After discussion with your staff regarding recent audit findings and the existing condition requirements, we would like to initiate a change report process. We believe that the removal of duplication and streamlining of audit processes will assist in the efficient delivery of our compliance obligations.

Following on from the 9 December meeting we have also proposed a new condition dealing with the your office having the right to deem a condition satisfied if the condition is now dealt with in subsequent legislation and it is no longer appropriate that the matter be addressed by the Coordinator General as it is managed pursuant to other regulatory requirements.

The attached change report outlines the existing conditions with our proposed changes.

Given the nature of the proposed changes to the reporting and auditing conditions are of an administrative nature, Santos GLNG requests your consideration that change report fees be waived on this occasion.

Santos GLNG is thankful for this opportunity and intends to work with your office to progress further amendments to our Project conditions. Should your office require any further information please contact Darren Brewer, Senior Environmental Advisor on (07) 3838 5507 or email darren.brewer@santos.com.

Yours sincerely



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Fuel for the Future

Gladstone Liquefied Natural Gas - GLNG Project

**Application for Coordinator General to
evaluate proposed changes to conditions**

17 December 2013

GLNG is a Santos PETRONAS Total KOGAS project.



www.glng.com.au



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1. Background and Purpose of this Document

1.1 Background to the GLNG Project

The Gladstone LNG (GLNG) Project involves the development of coal seam gas (CSG) resources in the Surat and Bowen Basins in the area between Roma and Emerald in Queensland. The CSG fields will supply gas to a liquefied natural gas (LNG) liquefaction and export facility (LNG facility) on Curtis Island, near Gladstone in Queensland. A high pressure gas transmission pipeline (GTP) is being constructed to link the CSG fields to the LNG facility.

Throughout 2008 and 2009 an environmental impact statement (EIS) was prepared for the GLNG Project. The EIS was approved by the Coordinator-General (CG) for release for public and advisory agency comment from 20 June to 17 August 2009. Submissions covered a broad range of environmental, social, accommodation, materials and employee transport, infrastructure location and regulatory approval matters.

Based on submissions received, the CG requested additional information about the EIS and the project in the form of a Supplementary EIS (SEIS) which included GLNG responses to all submissions. The SEIS was delivered to the Department of Infrastructure and Planning (DIP) on 20 November 2009 and subsequently issued to advisory agencies for review, and for information to general public submitters who raised issues on the EIS. Comments were invited during the consultation period from 16 December 2009 to 1 February 2010. A total of 20 submissions were received on the SEIS and GLNG provided DIP with responses to all submissions, which were subsequently considered in the preparation of the CG Evaluation Report. The CG Evaluation Report for the GLNG Project was issued on 28 May 2010 (CG Evaluation Report), pursuant to Section 35 of the *State Development and Public Works Act 1971* (Qld) (SDPWO Act).

Subsequently the GLNG Project received approval from the then Federal Minister for Sustainability, Environment, Water, Population and Communities on 22 October 2010, pursuant to s130(1) and 133 of *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

1.2 Purpose of this Document

In accordance with sections 35B and 35C of the SDPWO Act, after the CG Evaluation Report is finalised, the proponent may submit a written application requesting the CG evaluate the environmental effects of a proposed change to the project or a condition of the project.

This document is an Application for Project Change and has been prepared to apply for changes to Appendix 1, Part 2, Condition 2 and Appendix 1, Part 3, Condition 1(a) of the CG Evaluation Report.

In accordance with the SDPWO Act, this application contains:

- a description of the proposed change and its effects on the project;
- the reasons for the proposed change; and
- enough information about the proposed change (including environmental effects of the proposed change) and its effects on the project to allow the Coordinator-General to make the evaluation.

This Application for Change has been prepared by GLNG Operations Pty Ltd (GLNG OPL), on behalf of Santos GLNG Pty Limited, PAPL (Downstream) Pty Limited, Total GLNG Australia and KGLNG Liquefaction Pty Ltd.

2. Proposed changes

2.1 Current imposed condition

Appendix 1, Part 1, Condition 1 of the CG Evaluation Report contains the following imposed condition:

“The following third party auditing requirements must be applied for the whole project:

- a) compliance with the Coordinator-General’s imposed conditions of this report must be audited by an appropriately qualified and experienced third party auditor or auditors appropriate to the matters being audited, nominated by the proponent and accepted by the Coordinator-General within one year of the commitment of the project and annually thereafter*
- b) the proponent must submit the third party audit report(s) to the Coordinator-General within 42 days of the end of the relevant period*
- c) the audit report must identify the segment of the project being audited, the conditions that were activated during the period, and a compliance/non-compliance table. A description of the evidence to support the compliance table must be provided. The audit report shall also contain recommendations on any non-compliance or other matter to improve compliance. The third party auditor must certify the findings of the audit report*
- d) the financial cost of the third party audit is borne by the proponent.*
- e) The holder of the environmental authority(s) must immediately act upon any recommendations arising from the audit report and:
 - (i) investigate any non-compliance issues identified, and*
 - (ii) as soon as practicable, implement measures or take necessary action to ensure compliance with this authority.**
- f) subject to condition 1(a), and not more than one (1) month following the submission of the audit report, the proponent must provide written advice to the Coordinator-General addressing the:
 - (i) actions taken by the proponent promptly and routinely to ensure compliance with the Coordinator-General’s imposed conditions, and*
 - (ii) actions taken to routinely prevent a recurrence of any non-compliance issues.”**

Appendix 1, Part 3, Condition 1(a) of the CG Evaluation Report contains the following imposed condition:

“Reporting, Review and Auditing Arrangements

With respect to the SIMP:

- i. submit an annual progress report. The actual date is to be mutually agreed by the proponent and the Social Impact Assessment Unit, Department of Infrastructure and Planning.*
- ii. undertake an external audit at the completion of the construction stage of the project periodically every 3 years after the commencement of the operational stage at project closure during the decommissioning phase of the project.*
- iii. prepare and submit a report on each audit’s findings to the Coordinator-General*

- iv. *all annual, periodical and audit reports are to be submitted to the Coordinator-General within 60 days of completion of the relevant period”.*

There is currently no, Appendix 1, Part 1, Condition 5 in the CG Evaluation Report.

2.2 Requested amendment to existing conditions and proposed new condition

GLNG OPL requests that existing Appendix 1, Part 1, Condition 1 and Appendix 1, Part 3, Condition 1(a)(ii) to (iv) inclusive of the GLNG Project CG Evaluation Report be deleted and replaced by the following:

Condition 1

In order to verify the proponent's compliance with all conditions imposed by the Coordinator-General, the following third party auditing requirements will apply to the project:

- a) *Audits are to be undertaken throughout the audit period on an annual basis during the project construction phase and every three years during the operations phase (or at such lesser frequency as agreed by the Coordinator-General in writing). Audits are to be undertaken generally in accordance with AS/NZS ISO 19011:2011 Guidelines for quality and/or environmental management systems by an appropriately qualified person, engaged by and at the expense of the proponent*
- b) *The approved audit report is to be provided to the Coordinator-General within 30 business days after the end of the relevant audit period*
- c) *The audit period will:*
 - i. *commence from the date of the project receiving the Coordinator General's recommendation to proceed; and*
 - ii. *end once all imposed conditions have been complied with, and*
- d) *Where the Coordinator General has agreed in writing that the proponent has satisfied a condition imposed by the Coordinator-General, the satisfied condition is no longer required to be the subject of any subsequent audit required by this Condition 1.*

A comparison between the wording of Condition 1 proposed by this Application for Project Change and Condition 1 proposed by the Coordinator-General's correspondence of 19 September 2013 is shown below (additions shown in bold and deletions in strikethrough):

Condition 1

In order to verify the proponent's compliance with all conditions imposed by the Coordinator-General, the following third party auditing requirements will apply to the project:

- a) *Audits are to be undertaken ~~on an annual basis during~~ **throughout** the audit period **on an annual basis during the project construction phase and every three years during the operations phase (or at such lesser frequency as agreed by the Coordinator-General in writing). Audits are to be undertaken** generally in accordance with AS/NZS ISO 19011:~~2003~~ **2011** Guidelines for quality and/or environmental management systems by an appropriately qualified person, engaged by and at the expense of the proponent; ~~and~~*
- b) *The approved audit report is to be provided to the Coordinator-General within 30 **business** days after the end of the relevant ~~12-month~~ **audit** period-*
- c) *The audit period will:*

- i. commence from the date of the project receiving the Coordinator General's recommendation to proceed; and*
- ii. end once all imposed conditions ~~or recommendations-in~~ have been complied with ~~to the satisfaction of the Coordinator General.~~ **and***
- d) Where the Coordinator General has agreed in writing that the proponent has satisfied a condition imposed by the Coordinator General, the satisfied condition is no longer required to be the subject of any subsequent audit required by this Condition 1.**

GLNG OPL requests that the following new condition 5 be inserted into Appendix 1, Part 1 of the GLNG Project CG Report:

Condition 5

The Coordinator General may determine that a condition imposed by the Coordinator General has been satisfied for the purposes of this approval where:

- a) the condition (or its intent) has subsequently become a requirement of, or has been addressed through subsequent legislation or another regulatory approval; and***
- b) it is no longer appropriate that the matter be addressed by the Coordinator General as it is managed pursuant to other regulatory requirements.***

3. Reasons for the requested change to the conditions and insertion of new condition

While an annual audit for the construction phase remains appropriate due to the 'fluidity' of the project in terms of disturbance and potential impacts during this period, GLNG OPL considers that it would be reasonable to require less frequent audits during the operations phase. For the operations phase, disturbance in respect of downstream activities has mostly concluded and for upstream activities is reduced. Site/operating conditions will be generally more static.

The scope of the later audits will decrease as many of the imposed conditions related to construction will have become redundant, as per the 'incremental reduction of auditing task' as referenced in page one of the Coordinator-General's correspondence of 19 September 2013. Moreover, the possible impacts will be more defined and compliance will be somewhat more routine in nature (e.g. no on-going sediment and erosion control measures, rehabilitation measures, etc.) as compared with the construction phase. Therefore, it is considered that some scope for a longer period between audits is reasonable during the operational period and should be based upon a performance-based approach. For example, if the outcomes of preceding audits were satisfactory, a longer period between audits could be negotiated. Further to the Coordinator-General's correspondence of 19 September 2013, GLNG OPL also requests that where the Coordinator-General agrees conditions which are not of an ongoing nature have been satisfied, that these conditions should be removed from the scope of subsequent audits.

The CG Evaluation Report contains conditions which have been superseded by subsequent legislative and policy changes. For example, the changes to the Water Act 2000 in relation to the assessment of underground water impacts. GLNG OPL considers that as these requirements are now contained in the legislation, approval conditions relating to the assessment of groundwater impacts could be deemed to be satisfied for the purposes of the Coordinator-General's approval. Additionally, conditions such as those relating to constraints planning are subject to ongoing regulation through the various environmental authorities. Again GLNG OPL considers such conditions could be deemed satisfied for the purposes of the CG Evaluation Report.

Appendix 1, Part 3, Condition 1(a)(ii) to (iv) inclusive substantially duplicates the obligation in Appendix 1, Part 1, Condition 1 and as per the Coordinator-General's correspondence of 19 September 2013, GLNG OPL requests that these conditions be removed in the interests of streamlining auditing requirements.

The proposed condition in Appendix 1, Part 1, Condition 5 was discussed with the CG in the meeting dated 9 December 2013.

4. Environmental effects of proposed change and its effects on the project

The change in the auditing requirements will not change the description in the EIS or SEIS of the potential impacts to any of the following:

- Visual Amenity.
- Climate.
- Land.
- Groundwater.
- Surface Water
- Associated Water Management.
- Nature Conservation
- Noise and Vibration.
- Land use Infrastructure.
- Cultural Heritage.
- Rehabilitation.
- Economics
- Air Quality and
- Greenhouse Gases

5. Summary of proposed changes

The following table provides a summary of the proposed changes.

Project Area	CG Report Condition	Current condition	Proposed amendment
Whole project	of Appendix 1, Part 1, Condition 1	<p>Condition 1</p> <p>The following third party auditing requirements must be applied for the whole project:</p> <p>a) compliance with the Coordinator-General's imposed conditions of this report must be audited by an appropriately qualified and experienced third party auditor or auditors appropriate to the matters being audited, nominated by the proponent and accepted by the Coordinator-General within one year of the commitment of the project and annually thereafter</p> <p>b) the proponent must submit the third party audit report(s) to the Coordinator-General within 42 days of the end of the relevant period</p> <p>c) the audit report must identify the segment of the project being audited, the conditions that were activated during the period, and a compliance/non-compliance table. A description of the evidence to support the compliance table must be provided. The audit report shall also contain recommendations on any non-compliance or other matter to improve compliance. The third party auditor must certify the findings of the audit report</p> <p>d) the financial cost of the third party audit is borne by the proponent.</p> <p>e) The holder of the environmental authority(s) must immediately act upon any recommendations arising from the audit report and:</p> <ul style="list-style-type: none"> (i) investigate any non-compliance issues identified, and (ii) as soon as practicable, implement measures or take necessary action to ensure compliance with this authority. <p>f) subject to condition 1(a), and not more than one (1) month following the submission of the audit report, the proponent must provide written advice to the Coordinator-General addressing the:</p> <ul style="list-style-type: none"> (i) actions taken by the proponent promptly and routinely to ensure compliance with the Coordinator-General's imposed conditions, and (ii) actions taken to routinely prevent a recurrence of any non-compliance issues. 	<p>Delete existing condition 1 and replace with:</p> <p>Condition 1</p> <p><i>In order to verify the proponent's compliance with all conditions imposed by the Coordinator-General, the following third party auditing requirements will apply to the project:</i></p> <ul style="list-style-type: none"> a) <i>Audits are to be undertaken throughout the audit period on an annual basis during the project construction phase and every three years during the operations phase (or at such lesser frequency as agreed by the Coordinator-General in writing). Audits are to be undertaken generally in accordance with AS/NZS ISO 19011:2011 Guidelines for quality and/or environmental management systems by an appropriately qualified person, engaged by and at the expense of the proponent;</i> b) <i>The approved audit report is to be provided to the Coordinator-General within 30 business days after the end of the relevant audit period.</i> c) <i>The audit period will:</i> <ul style="list-style-type: none"> i. <i>commence from the date of the project receiving the Coordinator General's recommendation to proceed; and</i> ii. <i>end once all imposed conditions have been complied with, and</i> d) <i>Where the Coordinator General has agreed in writing that the proponent has satisfied a condition imposed by the Coordinator-General, the satisfied condition is no longer required to be the subject of any subsequent audit required by this Condition 1.</i>

Whole project	of Appendix 1 Part 3 Condition 1a)	<p>Reporting, Review and Auditing Arrangements</p> <p>a) <i>With respect to the SIMP:</i></p> <ul style="list-style-type: none"> i. <i>submit an annual progress report. The actual date is to be mutually agreed by the proponent and the Social Impact Assessment Unit, Department of Infrastructure and Planning.</i> ii. <i>undertake an external audit at the completion of the construction stage of the project periodically every 3 years after the commencement of the operational stage at project closure during the decommissioning phase of the project.</i> iii. <i>prepare and submit a report on each audit's findings to the Coordinator-General</i> iv. <i>all annual, periodical and audit reports are to be submitted to the Coordinator-General within 60 days of completion of the relevant period</i> 	<p>Reporting, Review and Auditing Arrangements</p> <p>a) <i>With respect to the SIMP:</i></p> <ul style="list-style-type: none"> (i) <i>submit an annual progress report. The actual date is to be mutually agreed by the proponent and the Social Impact Assessment Unit, Department of Infrastructure and Planning.</i> (ii) undertake an external audit at the completion of the construction stage of the project periodically every 3 years after the commencement of the operational stage at project closure during the decommissioning phase of the project. (iii) prepare and submit a report on each audit's findings to the Coordinator-General (iv) all annual, periodical and audit reports are to be submitted to the Coordinator-General within 60 days of completion of the relevant period
Whole project	of Appendix 1, Part 1, Proposed condition 5	Not applicable	<p>The Coordinator General may determine that a condition imposed by the Coordinator General has been satisfied for the purposes of this approval where:</p> <ul style="list-style-type: none"> a) <i>the condition (or its intent) has subsequently become a requirement of, or has been addressed through subsequent legislation or another regulatory approval; and</i> b) <i>it is no longer appropriate that the matter be addressed by the Coordinator General as it is managed pursuant to other regulatory requirements.</i>