

Briefing: Deviated Drilling

The country between Dalby and Cecil Plains comprises of closely settled intensively farmed blocks on good quality agricultural land, as identified in the Regional Planning Interests Act 2014. The majority of the farmers in the area are inter-generational farmers, who are now required to compete with Arrow Energy in the access and use of the resources these farmers currently rely upon to guarantee long-term water/food security and to uphold a sustainable farming business model.

Arrow have devised an approach gas well location that is unique to the Cecil Plains area.

That approach is called Deviated Drilling and Multi Well Pads.

There are multiple issues of procedural fairness and distributive justice for the landholders expected to host these activities. The landholders are calling for recognition, statutory protection, fairness, transparency, and a seat at the table to resolve the issues.

Particularly since the inadequacy of the protections for neighbouring landholders has been recognized by:

- Queensland Audit Office – Managing CSG Report 2020
- State Development, Natural Resources and Agricultural Industry Development (SDNRAID) Committee – inquiry into the Mineral, Water and Other Legislation Amendment Bill 2018
- Queensland Law Society and others in submissions to SDNRAID Committee

'Landholders and their representatives continue to express concern that they have struggled to obtain remedy and/or compensation for offsite impacts.

More than 18 months on from the committee expressing its concerns, it is now timely for DNRME, DES and the GasFields Commission to evaluate the effectiveness of the alternative arrangements to provide adequate rights to people affected by offsite impacts.'

Queensland Audit Office, 2020

Below is Table outlining the position that Arrow (and the government) has taken and the issues that the landholders in the area have in relation to the specific issue of Deviated Drilling.

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Table of the issues relating to Deviated Drilling

Issue	Government and Arrow's position	Landholder's position
<p>Community Consultation committee discussion</p>	<p>Arrow Surat Community Reference Group & Intensively Farmed Land Committee have discussed deviated drilling</p> <p>Arrow have described the following in their committee minutes (<i>Arrow Surat Community Reference Group (ASCRG) 21/11/2019</i>)</p> <ul style="list-style-type: none"> • <i>“John Hughes (DNRME) has received enquiries about Arrow’s directional drilling methods including production of gas from under neighbouring properties. He asked about Arrow’s position</i> • <i>Brydie confirmed that Conduct and Compensation Agreements (CCAs) are designed for those landholders directly impacted by infrastructure.</i> • <i>In some instances, where related impacts are experienced by landholders (such as noise levels above compliance limits), Arrow will enter into an alternate arrangement with neighbouring landholders.</i> • <i>However CCAs are not provided to landholders for deviation of wells under their property.</i> • <i>Chris Wicks said the issue was also raised in shed meetings. Arrow engaged every landholder in an area as part of area wide planning. Arrow</i> 	<p>Hierarchical invitation only committees do not represent the multiple host farmers expected to actually live with the industry. Community Consultation committee discussion is an example of:</p> <ul style="list-style-type: none"> • Ineffectiveness of process designed by EIS as the main means of ‘dealing’ with impacts • Limited community acceptance/awareness • Populated by Arrow appointees, not necessarily representative of those impacted day to day, • it is big responsibility for the few that are actually grass roots farmers, to represent the actual host farmers when they have no formal connection with them or process to consult with them • Terms of reference are to facilitate Arrows objectives • Does not require Arrow to deal with issues to the satisfaction of the community <p>Why is the DNRME asking Arrow what the position is? Another example of the technology and industry out of step with the legislation leaving the farmer to fight it out and Arrow getting to call the shots</p> <p>Absurd statement re “spreading infrastructure around if they wish”! In other words this will be used as a wedge for farmers who are not amenable to having CSG on their property, oh well we will just go</p>

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	<p><i>communicated very openly about the use of deviated drilling and will accommodate landholders by spreading infrastructure amongst landholders if that is what they wish – even through this means additional CCAs and management for Arrow.”</i></p>	<p>next door and go under you,, or let us on and we will ‘share’ the infrastructure around.</p>
<p>Benefits of deviated drilling and multi well pads</p>	<p>The benefits of deviated drilling and multi-well pads include a smaller over-all footprint (between 25-50 per cent of a traditional vertical well field design), including:</p> <ul style="list-style-type: none"> • up to eight wells located on one pad with a construction size of up to 110 m x 200m, instead of eight separate well pads of 110m x 100m • greater distance between pads (up to 2.4km) • less gathering pipelines and access required • our presence (infrastructure and access by staff) is concentrated within a smaller area • well pads can be located in paddock corners and less productive areas for a better fit with farming practices. 	<p>All of these benefits described are commercial benefits for Arrow, not how having to contemplate hosting the industry in anyway benefits the host farmers. Infact there is outstanding balance of costs for the farmer from the beginning of the process, especially since they are required to host the industry but do not participate in the profit of the industry.</p> <p>Located in ‘paddock corners’ means there are greater ‘off site’ impacts, or in other words impacts on neighbours, the boundary fence is not magical in prevent impacts crossing the fence. These impacts are real but are otherwise ignored by the industry and the government.</p> <p>What does having an 8 well pad located right on their boundary, will spill over impacts ignored, do for neighbouring property values and the landholder’s operational health and safety impacts?</p> <p>With all impacts, but specifically regarding subsurface impacts from the deviated drilling access, neighbours are excluded from the table and must find a way to bring Arrow to the table to address their concerns and find the burden of expense, time and proof is on the neighbour, with no statutorily protected engagement, no compensation, only AAAs</p>

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<p>"Rights" of deviated drilling</p>	<p>Multiple deviated wells are drilled from one surface location, with up to eight wells on one pad, covering up to 110m x 200m during construction.</p> <p>To construct a 'deviated well', the surface section is firstly drilled from ground level to a depth of between 50 and 120 metres. This section is cased with steel casing and cemented to the surface. A special angled drill bit is then inserted and is able to be 'steered' away from the other wells on the same pad. The deviated section of the well can reach coal seams to a vertical depth of around 600m and can extend to a horizontal length of up to 800m away from the well pad. This enables us to target all of the coals without impacting the agricultural land directly above.</p>	<p>This means that it is likely that the deviation will then travel into the neighbours subsurface property without any consultation or engagement.</p> <p>Ignores the issues of subsurface trespass, and the potential impacts that may come as a result, eg subsidence, methane migration, impact on water bores</p> <p>Property Law Act 1974: s179 Right to support of land and buildings – <i>“there shall be attached to any land an obligation not to do anything on or below it that will withdraw support from any other land or from any building, structure or erection that has been placed on or below it.”</i></p> <p>Although the crown owns the minerals, just as on the surface, the gas companies must access the subsurface of the neighbouring landholder’s property to access them via deviated drilling.</p> <p>Subsurface access to the property without permission would be considered Trespass by the landholders</p> <p>This also has insurance impacts for the neighbour, if the insurance company sees subsurface infrastructure as "having csg infrastructure on the property" then surely then this will mean Arrow should be engaging with the landholder</p>
<p>Remedies for neighbouring landholders required to host subsurface infrastructure</p>	<p>Subsurface impacts may be addressed where:</p> <ul style="list-style-type: none"> • there is a breach the environmental authority conditions, for example environmental nuisance on the neighbouring site from the activity 	<p>Breach of EA: Need to prove the EA condition was breached – requires monitoring and good data – hard onus for most landholders, especially when they are not even advised.</p>

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	<ul style="list-style-type: none"> • a bore is impacted - Make Good provisions may apply under the Water Act 2000 • some other impact occurs that affects the landholders use of their property • Only a AAA is the remedy or breach of EA or Negligence 	<p>Most EA conditions for gas activities are very broad and non-specific: hard to enforce and don't even contemplate deviated drilling</p> <p>Negligence: Need to prove an impact was caused by the negligence of the operator – for example not taking reasonable steps to mitigate against foreseeable impacts Requires monitoring and good data – hard onus for most landholders especially when the landholder is not even advised of the activity and able to prepare. And the damage is already done</p> <p>AAA:</p> <ul style="list-style-type: none"> • The ability to enter into an agreement with the company is problematic, it is not a requirement on the company to do so, the landholder must pursue the company • Not protected by formal regulatory process like a CCA, no power to seek the Land Court's involvement in failed negotiations • Can be used to get around EA conditions: e.g. Surat Gas Project EA Condition: 'PESCB2. Petroleum activities must not cause environmental nuisance from dust, odour, light, smoke or noise at a sensitive place, other than where an alternative arrangement is in place.' • No entitlement to compensation for legal or expert assistance in entering / negotiating the alternative arrangement • No standard requirement on operator to do baseline modelling on the site to be able to determine impacts of the
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Advocacy Briefing prepared by Shay Dougall (based on concerns expressed by local landholders in Western Downs)

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		drilling on the property - landholder must demonstrate impacts
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