



## Tenure Matters



*A column by Sue Slater, Senior Advisor Petroleum, RLMS*

Issue No. 21

Welcome back. The Northern Territory government has recently announced (17 November) that Jemena Northern Gas Pipeline Pty Ltd is the preferred bidder to construct and operate the North East Gas Interconnector (NEGI). The pipeline will connect Northern Territory gas to the eastern gas markets. The preferred route is from near Tennant Creek to Mt Isa. Construction on the 14" pipeline is estimated to commence in 2017, and commissioning in 2018 for mid-2018 operations. The completed gas pipeline will be known as the Northern Gas Pipeline (NGP).

Alternative bids included connecting the Amadeus Gas Pipeline from near Alice Springs to Moomba. The pipeline will connect with the Amadeus Gas Pipeline at Tennant Creek, and with the Carpentaria Gas Pipeline in Mt Isa; with 457km of the line in the Northern Territory, and 165km in Queensland.

The competitive process for commercial proposals to develop a pipeline connecting the north with eastern markets closed on 30 September 2015. Following an initial request for proposals in 2014; four proponents were invited to participate in the final stages of the bid process including APA Group, DDG Operations Pty Ltd (DUET), Pipeline Consortia Partners Australia Pty Ltd (China National Petroleum Corporation) and SGSP (Australia) Assets Pty Ltd (Jemena).

The Northern Territory Government declared the pipeline as a Major Project in August 2014. The policy framework for Major Project Status considers a number of project characteristics, including but not limited to:

- consideration of capital expenditure (typical >\$50million)
- proportion of capital and operational expenditure invested in the Northern Territory;
- opportunity to leverage additional investment;
- benefits of the infrastructure to other industries and future projects;
- whether additional economic benefits may be unlocked by the project;
- complexity of the regulatory approval requirements;
- project impacts, environmental , social or economic;
- project feasibility.

November 2015

The term for Major Project Status is generally 3 years; typically supported by a Project Facilitation Agreement between the Northern Territory Government and the project proponent; a NT Government taskforce; and a dedicated case manager.

Jemena has already submitted applications for a Northern Territory pipeline licence, and a Queensland pipeline licence (PPL 2015) and associated Environmental Authority. An EPBC referral has also been lodged with the Commonwealth Government.

So where will the gas come from? In the first case, the Power Water Corporation (PWC) will provide the foundation supply from the uncommitted gas at Blacktip (~6PJ) in the offshore Bonaparte Basin. This will be supplemented by gas from the Amadeus Basin, in particular the Dingo field.

Although onshore conventional petroleum production has been continuous in the Amadeus Basin since 1983 from Mereenie and Palm Valley fields, tight and shale gas potential is currently driving most of the interest in the Northern Territory. There is no doubt that the pipeline proposal will foster exploration efforts around the pipeline route (Figure 1). In the same way that it is no accident that the Queensland CSG industry has been initially focused around the existing pipeline infrastructure, there is likely to be increased activity close to the preferred route. Currently that general area (which includes the Georgina Basin and Beetaloo Sub-basin of the Macarthur Basin) has a number of applications for exploration pending; and the hope of easier access to markets will no doubt influence exploration priorities. However commercialisation of any gas that may be discovered is a long way in the future. So is this a case of “build it and they will come”? Exploration will almost certainly come, but that doesn’t mean it will translate into short-term economic gas developments.

The proposed timeline for completion of the line seems ambitious to say the least. The planning and construction for a 622km pipeline that crosses through two jurisdictions with differing approval processes is unlikely to be straight forward. Jemena’s project proposal relies on having environmental approvals granted by December 2016. Whilst certainly not impossible to achieve, the target seems aspirational. The pipeline proposal also includes two Compressor Stations, at Warrego on the Amadeus Gas Pipeline, and at Mt Isa, three mainline valves and one intermediate scraper station.

The 165km length in Queensland is below the Environmental Impact Assessment under the *Environmental Protection Act 1994* trigger of 300km.<sup>1</sup> but even so, a Site specific environmental authority process still has a long assessment timeframe (minimum of 85 business days). That portion might still be subject to an EIS process since it is only part of a larger project.

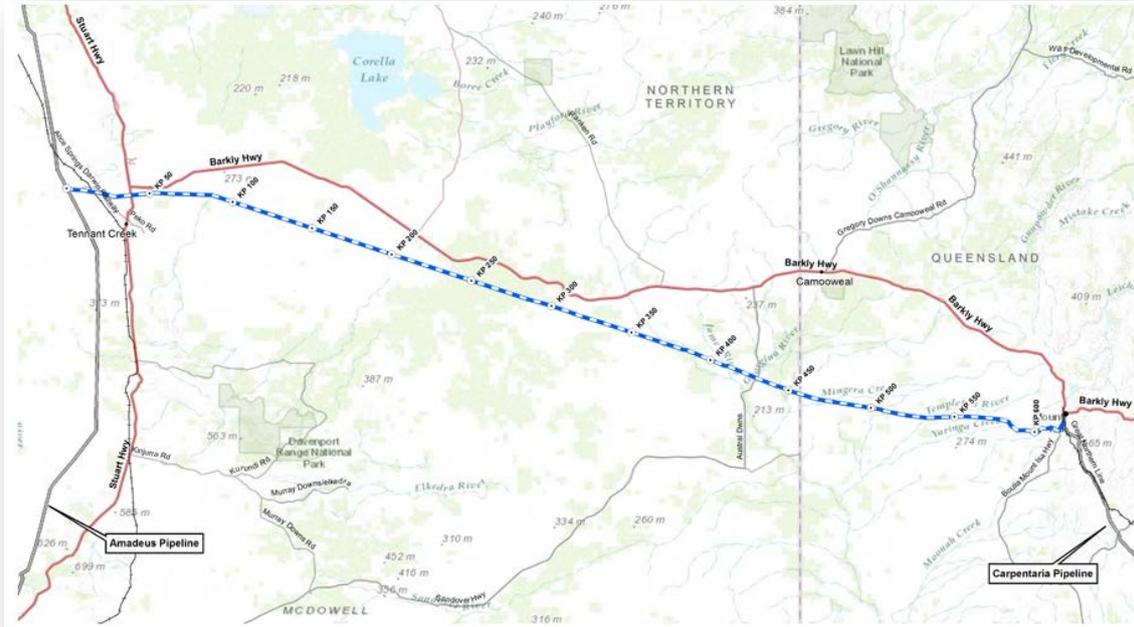
The first step for the Northern Territory environmental assessment is a Notice of Intent. For a project deemed to have no significant environmental impact the assessment process is based on this documentation. If the project has a significant environmental impact then there are two process outcomes. Where a project has significant environmental impacts but they are limited in extent, a Public Environmental Report (PER) is requested. If the impact is of greater magnitude, frequency and extent then an EIS will be required. The PER has an assessment timeframe of about 84 days (not including proponent time to respond and certain departmental actions and decisions) – and is

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<sup>1</sup> Guideline - Triggers for environmental impact statements under the Environmental Protection Act 1994 for mining and petroleum activities <https://www.ehp.qld.gov.au/management/impact-assessment/eis-processes/>

therefore at least somewhat analogous to Queensland’s site specific EA process. For the EIS process the timeframe (again exclusive of proponent times and certain departmental actions and decisions) is 140 days, including a request for further information.<sup>2</sup>

Figure 1 Jemena preferred route overview<sup>3</sup>



Interestingly, the Northern Territory has also awarded a tender for a scoping study on a proposed 600km rail connection from Tennant Creek to Mt Isa (MITCR)<sup>4</sup>. There is not much information available yet on the proposed route, or how closely this may or may not align with the NEGI route, or a timeframe for the delivery of the scoping study. The scoping study will look at the economic and business case for the rail, where the trade might come from, ownership of the rail and the impact on new and existing freight users.

I am happy to hear suggestions about topics you would like covered. Feel free to email me at [sue.slater@rlms.com.au](mailto:sue.slater@rlms.com.au) with the subject heading Tenure Matters.

In the meantime, remember “Tenures make the Project; the Project doesn’t make the Tenures”.

*RLMS covers the project spectrum from planning through to State and Federal government approvals, including land access, compensation, environmental impact statements and work schedules for clients ranging from entrepreneurs to major corporations, from start-ups to government agencies, and state significant projects such as Queensland’s LNG giants. Contact RLMS at:*

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<sup>2</sup> Guide to the EIA process in the NT <http://www.ntepa.nt.gov.au/environmental-assessments/eiaguide>

<sup>3</sup> Source <http://jemena.com.au/industry/pipelines/north-east-gas-interconnector>

<sup>4</sup> [http://www.dcm.nt.gov.au/territory\\_economy/mt\\_isa\\_to\\_tennant\\_creek\\_railway](http://www.dcm.nt.gov.au/territory_economy/mt_isa_to_tennant_creek_railway)