



O'Farrell bans CSG near homes

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Coal seam gas exploration and production will be banned around residential areas in NSW after Premier Barry O'Farrell gave in to political pressure from federal Coalition MPs for tougher environmental rules.

Mr O'Farrell will today announce new regulations for the fledgling coal seam gas industry, including a 2 kilometre buffer between coal seam gas exploration, assessment and production activities and residential areas.

The exclusion zone will cover future residential areas in Sydney's north-west and south-west growth areas, and sensitive industries such as wineries and horse studs.

The new rules will hit AGL Energy's \$100 million Camden North project in south-western Sydney, which involves drilling up to 66 wells in populated areas and is opposed by some residents.

AGL's larger Gloucester project could escape, because the new regulation will apply to coal seam projects that haven't yet been approved.

"My government has listened and acted," Mr O'Farrell said. "Local Liberal and Nationals MPs have also made strong representations on behalf of their communities.

"These actions clearly place public health and safety at the heart of all CSG activities."

The new rules were approved by cabinet on Monday and will go to a meeting of Liberal and National party

MPs on Tuesday, when state Parliament resumes for the year.

Mr O'Farrell previously rejected calls from the Greens and other groups for NSW to follow the then Queensland Labor government's lead and impose a buffer between CSG activities and urban areas.

His stance became a hot election issue for federal Liberal MPs contesting seats in western Sydney, including Russell Matheson, who holds the seat of Macarthur, which is affected by AGL's Camden expansion project.

NSW senators Bill Heffernan and Marise Payne also expressed concerns about the industry.

Federal Labor, which is vulnerable in western Sydney, had sought to capi-

talise on the issue by calling for tighter environmental controls.

This month AGL halted the approvals process for Camden North because of community concerns. The company still wants the project to go ahead.

Also affected could be plans by Santos to spend \$500 million over the next three years on coal seam gas exploration and drilling in the Gunne-dah Basin in the state's north.

Dart Energy and Metgasco also have CSG drilling projects in NSW, but have yet to firm up project plans.

Under the new rules, the state's Environmental Protection Authority will be the chief regulator of the indus-

try and all coal seam gas companies will be required to hold an environment protection licence.

"The EPA will be empowered to

revoke licences from any companies that do not adhere to their licence conditions," Mr O'Farrell said.

A new Office of Coal Seam Gas Regulation will be set up in the Department of Trade and Investment.

The NSW chief scientist and engineer, Mary O'Kane, will also conduct a review of all coal seam gas activities in the state to identify environmental risks, with a preliminary report due in July.

In a controversial move, the Australian Workers' Union is expected to call on the NSW government to reduce red tape and other barriers to the development of the state's CSG industry.

Some federal Labor MPs, including Stephen Jones and Justine Elliot, are worried about the environmental effects of coal seam gas drilling.

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KEY POINTS

- An exclusion zone around coal seam gas activity will include residential areas, wineries and horse studs.
- The new rules will hit AGL Energy's \$100m Camden North project in south-western Sydney.
- CSG companies will have to hold an environmental protection licence.



Exhausted protesters who had demonstrated against coal seam gas drilling at Doubtful Creek in Kyogle. Photo: DEAN SEWELL