



MEDIA RELEASE

AGL's SUGARLOAF GAS WELL 'INCIDENT', MENANGLE

The Scenic Hills Association (SHA)¹ welcomes the release of a report by the NSW government into AGL's Sugarloaf 3 Gas Well 'incident' on May 17th at Menangle in Sydney's South West that found AGL had ***not met a condition of its Environment Protection Licence***, resulting in a ***formal warning*** being issued to AGL Upstream Investments Pty Limited. However SHA also believes that "the investigation was ***flawed*** leaving ***many unanswered questions, inadequate penalties, and concerns about whether the government can ever adequately monitor and manage this industry for the safety of the community***".

Background

The NSW government conducted an inter-agency investigation into what was publicly observed as a coal seam gas well 'blowout' on May 17th at AGL's Sugarloaf 3 well adjacent to Menangle Road near Campbelltown. According to witnesses and AGL statements, a routine well maintenance procedure was in progress when a foamy liquid was propelled into the air from a degasser on a mud tank unit attached to the well and was carried by winds blowing in the direction of residential housing and Sydney's water channel (the Upper Canal) that supplies up to 25% of Sydney's water. The event was caught on camera by a Channel 10 News crew accompanying Greens MLC Jeremy Buckingham on a tour of the Camden Gas Project in Sydney's South West. The investigation concluded that "in performing [a] well bore clean out, a soap and water mixture was pumped down the wellbore under pressure to clear blockages and return the material to the surface" and that the foamy liquid was propelled into the air due to the "degasser...not being operated in a proper and efficient manner". The investigation accepted that there was "no significant harm to the surrounding environment", and the government has issued AGL with a warning.

Response

SHA believes the investigation was severely limited by the process. Spokesperson, Jacqui Kirkby said, "Once again AGL has been allowed to engage its own consultant and investigate itself, even though it claimed in a community meeting that it did not think it had done anything wrong and only reported the incident to the Office of Environment & Heritage (OEH) two days later when it realised it had been filmed and that there would be community concern." "And there are many unanswered questions:

1. If AGL was only using harmless biodegradable soap, why was the grass in the area 'discoloured'?
2. Was contaminated waste water from the well, and methane vented to the air in the process?
3. Did AGL on-site operators allow these contents to vent to the air deliberately?
4. To what extent was the investigation compromised by the delay in reporting and the lack of independent resources to investigate?

SHA also questions whether a 'warning' provides sufficient disincentive to stop coal seam gas companies from engaging in 'sloppy' practices. "Surely a more severe penalty is warranted for:

- a. Failure to report the incident until two days after the event.
- b. Breach of its conditions of operation, and in the vicinity of 'critical public infrastructure' (i.e. Sydney's Upper Canal)."

"The community can have no confidence in the current system of allowing coal seam gas (csg) companies to effectively self-monitor, self-report, and self-manage under the current 'adaptive management' approach to csg extraction. If this industry's economic viability depends on cutting corners - in its planning, operations and government supervision - then csg is not an acceptable energy source now or in the future."

¹ SHA is objecting to AGL's plans to expand the Camden Gas Project into the Scenic Hills Environmental Protection Area of Campbelltown in the Sydney Metropolitan Area: www.scenic hills.org.au