



Central Petroleum Limited

Submission to the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory

Prepared by Central Petroleum Limited
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Having read the interim report, Central Petroleum Limited (“Central”) would like to comment on the issue of “social licence to operate” as discussed in that report. As a philosophical position, Central believes that its social licence has, as its wellspring, the local community. Central is committed to addressing the inequality of standard of living, wealth and employment opportunities that exists in regional Australia when compared to the affluent far away capital cities whose very affluence had its genesis in the agricultural and resources sector creating wealth from toil. It is often easier to pander to the moral pontifications of people living in expensive areas where access to education is a given and the realities of the connectivities of a market economy are obfuscated by the comparative ease of access to services.

Most socio-economic indicators prove the depressing outcome of this inequality of opportunity between remote communities and the urbanized conglomerations on the eastern seaboard. Where this contrast is at the starkest is in the remote indigenous communities much to the crying shame of this great nation.

In preparation to assuming operatorship of the Mereenie Oil and Gas Field (then under negotiation) in March 2015, Central published its employment philosophy:

1. **Family Values for Working Families** – Central maximizes the number of employees who can commute daily from their homes in Alice Springs.
2. **Northern Territory for Northern Territorians** – Central needs to employ people at remote locations. To the maximum extent possible those employees will be based at Alice Springs and “bussed” in from there rather than depending on Fly In Fly Out workers (“FIFO”) from elsewhere in Australia.
3. **Traditional Values for Traditional Owners** – Central is committed to training and employing people on whose land we operate and indigenous employees generally.

It is purposefully called a philosophy to indicate a way of thinking that will permeate the very soul of the company guiding our employees to instinctively know where the right decision lies. It is not regulation, rule, policy or procedure able to be circumvented by legalistic contortions, but a moral compass.

As a result of this philosophy, the employment generated from our Northern Territory oil and gas fields has moved from 93% FIFO in September 2015 to an ideal mix of one third local indigenous, one third local non-indigenous and one third FIFO on an FTE equivalent basis now. This was not the easy way, it was the road less travelled and required enormous commitment to training and a surfeit of patience. It was achieved with an improvement in our safety and environmental performances. Proving that this philosophy has become a way of thinking is that simultaneously it was accompanied by an over four fold increase in annual local economic activity (ignoring the multiplier effect and wages) from \$0.6m in 2015 to \$3.4m in 2017.

Whilst the company strives for perfection, aims for perfection, being staffed by humans it will often fall short (except in safety and environment). We do not seek the passionate embrace of the local community, more a filial relationship based on mutual respect and a commonality of interest. Passion is not defined by logic and is often the enemy of evidence-based rational discourse. It preys on the frailty of human nature often accompanied by its bedfellow, fear – fear of change, fear of the unknown, fear of risk no matter how small but the status quo of the economic circumstances of remote and regional Australia is unacceptable. Fear is the easiest commodity to peddle, able to be hyped to ever-increasing new heights. It is transmitted by a thespian sound, light and fury campaign often by outsiders – the veritable FIFO activists not committed to the local community's advancement.

Our social licence to operate is a long term process based on trust. Trust is an ephemeral flower with a long gestation period grown in the soil called respect. It is difficult to grow, easy to crush and pockmarked by misunderstandings and setback. Each setback overcome ensures that the flower of trust becomes hardier and the fragrance sweeter.

Central Petroleum believes it has a social licence to operate in our local area but this requires more work, which work will never end.

By way of disclosure, Central has applications for Exploration Permits in the Wiso Basin. The Wiso Basin and the Lander Trough in particular is highly prospective and show world class promise. In 2015 we held our final consultation with the local indigenous community organised by the Central Land Council. This, we were informed, was successful but unfortunately was not legally consummated within the requisite time frame for some reason or other. Out of respect for the local community, who would have been inundated by FIFO "fractivist", the company has elected to not seek a renewal of that consent until after this inquiry has concluded its findings. We trust that this election will not prejudicially place that prospective acreage in differential jeopardy.

In summary, we believe that the development of the shale gas industry in the Northern Territory will give local communities the equality of opportunity that the far distant capital cities enjoy. All we are saying is give us a chance.

Yours faithfully
CENTRAL PETROLEUM LIMITED



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