



## ***Darwin – Australian Petroleum Production and Exploration Association***

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**6 February 18**

***Darwin Convention Centre, Darwin***

***Speaker: Matt Doman and Adam Welch***

Matt Doman: I'm Matthew Doman. I am the South Australia and Northern Territory Director of the Australian Petroleum Production and Exploration Association, otherwise known as APPEA. With me is Adam Welch, our Policy Director, who is assisting us in relation to this inquiry and matters more broadly in the Northern Territory.

Justice Pepper: Thank you. Yes, when you're ready.

Matt Doman: Thank you. Firstly, we acknowledge the Larrakia People, the traditional owners of the land on which we meet, and their elders, past and present. The Australian Petroleum Production and Exploration Association, again, acknowledges the panel members' contributions of time and expertise to this inquiry. Your draught report represents the culmination of a significant body of research, investigation, consultation on the potential for an onshore shale gas industry here in the Northern Territory.

Since publication of the draught report in December, we've reviewed your 120 recommendations in detail, and made a written response to each of them. A onshore gas industry in the Northern Territory can bring significant economic and social benefits to the region. Importantly, many of these benefits will be in remote communities. These benefits will not only be jobs, but also in the form of opportunities for partnerships in development, improving infrastructure, and investment potential. APPEA members are committed to building long-term relationships and being active members of the community. I won't make a lengthy statement today, but instead, leave as much time as I can for your questions.

There are just a few points I'd like to make before that. There's been some discussion yesterday and this morning on the direct and indirect benefits of onshore gas development. You'd expressed a desire to see more detail on how these benefits have been delivered in other jurisdictions, and, prospectively, what may occur here in the territory. In respect to Queensland, I would draw your attention to two documents and happy to provide copies.

APPEA's November 2017 Report to the COAG Energy Council on Onshore Gas in Australia, this shows Queensland oil and gas industry in 2016-17,



employed some 20,000 people, including 23,000 indirect jobs, many in regional areas. That is outlined in page 25 of that report. Now, those numbers are down slightly from 40,000 total jobs in 2015-16, and including 35,000 indirect jobs in that year. Reflecting that the construction phase in that industry is winding down. The COAG Report also shows that \$15 billion of industry investment has helped sustain 3,100 Queensland businesses.

Now, that's outlined on page five. The second document is APPEA's submission to the so-called Lazarus Inquiry, not its correct name, into conventional gas in the Australia Senate. Page 61 to 64 of that report outlines over \$38 million in contributions made by Santos JL & G loan to community initiatives, and Santos spoke to some of those this morning. Despite claims to the contrary, the overwhelming industry is the natural gas industry has delivered significant benefits to the regions which has hosted its operations in Queensland.

But we also understand your concern to understand better how our industry will developing the Northern Territory. What will be the Northern Territory way and how will it impact communities? This concept of the NT way was outlined in Pangaea's initial submission to this inquiry and I know that terminology has been used repeatedly in your draught final report. Industry will continue to develop this plan and pursue settlement of the Northern Territory way as we adjust our operations to the appropriate environment here in the territory.

We'll continue to develop those plans if and when we're permitted to resume our activity. Already you've seen from our member companies such as Central Petroleum and Pangaea, a commitment to creating local opportunities including training and employment schemes for aboriginal territorians. Since taking operatorship of [inaudible 00:04:21] two years ago, Central has reduced its FIFO workforce by two-thirds, and most of its staff in our Northern Territory base. Our origin has recently awarded a maintenance and monitoring contract to an aboriginal-owned business in Elian, known as Triple P, and that is a supported full-time employment and direct participation in that company.

Other companies will seek to maximise local opportunity as we build our business here, but we can't do that while the moratorium remains in place. The draught report has investigated a broad range of concerns with developing onshore gas industry in the Northern Territory. All of the issues raised can be mitigated or completely removed by creating and maintaining proactive collaborative partnerships holding an unwavering dedication to high-performance standards, and implementing a robust and efficient regulatory regime.

We're committed to working with the Northern Territory government, the community, and other stakeholders to ensure such a framework is maintained in the Northern Territory. The industry supports robust, effective and efficient regulation and oversight. We believe that many of the draughts, and reports, recommendations are broadly appropriate to achieve this. However, in some cases, the recommendations are inconsistent with a



very small footprint and overall environmental impact of the industry and do not apply to industries that may have higher environmental impacts.

We agree with the draught report finding that the expiration and appraisal activities are vital in further developing our understanding of the region's environment, geology, and water resources. This exploration activity is low-risk and should proceed while the recommendations of the inquiry are considered and implemented. With that, I'll end our opening remarks and allow time for your questions.

Justice Pepper: Yes. I do have one question in relation to ... And thank you very much, again, for actually going through and engaging with each of the recommendations. That's enormously helpful. In relation to your response to the recommendation that there be open standing ... You've objected to that. Can you just explain why and what you mean by foreign residents or international activist groups?

Matt Doman: We've seen some foreign residents, some foreign owners of pastoral properties who've taken an unconstructive attitude towards interaction with some of our member companies. I think there was an example given by Santos earlier in this process. We also know that some of the groups campaigning against the development of natural resources in the Northern Territory linked to international organisations receive significant foreign funding.

And I don't think made a definitive directly impacted member of the community someone directly impacted by the development here in the Northern Territory. Many of their leaders, like myself, live in southern states, visit the territory to pursue our work, but we're not members of this community. And I think our responses and views would be borne in mind in that regard.

Justice Pepper: Certainly, the evidence when you look at the numbers from, say, the EPBCA which has not completely open, but very broad standing provisions and, indeed, the statistical data coming from the Land and Environment Court where there is open standing indicates that these types of spirits or perhaps affectations or litigation or even strategic litigation simply aren't there. They don't occur, and there's all sorts of good reasons for that. Litigation is costly, both financially and emotionally as well.

Matt Doman: Correct. I note your speech, Ms. Ownest, and Mr. Neil, that was attached to the draught report and makes those same observations. I think, importantly-

Justice Pepper: I think it was referenced in the draught report. I don't think it was detached to the draught report.

Matt Doman: I discovered it via your report. And you do make acknowledgement there of this issue that one of the advisors to, I think, the Conservation Foundation, was it? Federal Court Judge Murray Wilcox observed, in his admission to the Senate inquiry and the APC Standing Bill, that he has, as a lawyer, had to give counsel to some development to proceed with great care because, as



he outlined the sober facts, if the action fails, the applicant would be ordered to pay legal costs. Now, my understanding is also that one of your recommendations is that those who appeal against our approvals, if they are granted, not face legal costs in doing so.

Justice Pepper: No. With great respect to you, mischaracterized the recommendation. It's in cases of genuine public interest, and when you look at the jurisprudence, again, emanating from my court, the Land and Environment Court of New South Wales, there are very stringent criteria to prove what is genuine in the public interest. Merely putting a hand up and saying, "Hey, I care for the environment," is absolutely not enough, and more often than not, costs are awarded against the unsuccessful litigants, but it does add that layer of protection where you have a significant new important sort of novel point that needs to be tested in the court.

So, again, I'd come back to the data, the hard data, and the courts are simply not being flooded by these types of claims, but it does allow the public a degree of comfort knowing that these decisions can be challenged, and, again, there's a wide body of material that suggests that where you have open standing, where you have greater access to justice, governments make better decisions. Any decision that's about to be scrutinised, and where a government knows it's gonna be scrutinised, ends up being a better decision.

Matt Doman: We accept that. We also accept the requirement or the need to have rights of appeal if due process has not been followed.

Justice Pepper: Of course.

Matt Doman: Following any environmental approval.

Justice Pepper: Of course.

Matt Doman: But the opportunity to essentially re-prosecute a decision about a approval which has taken due consideration of all the environmental impacts, the community impacts. It's been through the rigorous environmental approval process that is being enhanced here in the Northern Territory ... If that decision has been made consistently with those processes, we don't see a need or that there should be an opportunity to essentially appeal an unbiased decision simply because you don't like that decision.

Justice Pepper: Where it's been made unlawfully, though, you would have to accept, would you not?

Matt Doman: Absolutely.

Justice Pepper: That there should be a right to challenge that decision.

Matt Doman: Correct. Absolutely.



- Justice Pepper: And if, indeed, it proves that that decision was made wholly, lawfully, then that will, no doubt, have consequences for the unsuccessful party.
- Matt Doman: That's right. As we've seen around in a number of cases around Australia in recent years that are referred to in your presentation here and I'm sure are known to all of us.
- Justice Pepper: Thank you. Any ... Yes, Professor Hart.
- Barry Hart: Mr. Doman, can I just continue on with the exploration activities? The same time as Shariba? You've heard a number of presentations today where groups have disagreed with that. They believe that Shariba and some of the regulations should be put in place before any more activity occurs. Can I get you to give us an idea of what do you see as the scale of that exploration activity in two or three years that these things might take to put in place?
- Matt Doman: Look, I know that the companies, I think ... Well, there're three, and let's call them lead components.
- Barry Hart: Yes.
- Matt Doman: With respect, at least Santos, Origin, and Pangaea, I think, have outlined their board exploration plans to you. I don't have specific information beyond that. What we do repeat is that the relatively small number of wells that are drilled in that exploration phase, we ... I won't offer a number because it may mislead, but significantly less than occurs in the development of those gas resources. The information gathered during that exploration phase, as we said, on the geology, the water resources, and, indeed, the gas resource, is critical to determining the scale of development, or, for that matter, whether there will be any successful commercial and environmentally-sustainable development.
- We're committed to sharing the information we gather, as that exploration activity continues, and we think it happens very comfortably alongside the gathering of deeper baseline information as you've outlined in your report.
- Justice Pepper: Yes, Dr. Jones.
- David Jones: Just chewing that one a little bit more. I think when we're thinking about exploration, typically people thinking about mining exploration, or exploration is putting down the odd hole here and there and not too much footprint, but when we talk about appraisal in terms of developing a gas fuel, then it starts to become somewhat bigger, and I think that's perhaps where the main concern is. And it's that sequencing of how long the single hole type exploration takes versus the multi-well appraisal phase, and I think people, justifiably, have some concern, perhaps, about establishing baselines before, perhaps, that larger footprint starts becoming established.
- And that's where sensitivities arise, I believe.



Matt Doman: Yeah. I think that, Sir, that's true. It still remains the case that we ... It remains the case, and I think that this is often misunderstood. Not by the panel, but in the broader discussion, that, if a decision is taken to lift the moratorium that's currently in place, and our exploration activity resumes, that the next day, that activity will resume. Each specific activity we undertake requires specific environmental approvals. It takes time for those approvals to be obtained, and regulators. The government has the opportunity to assess those case by case, during that exploration that's appropriate. When we move to a larger scale development, of course, we submit a full development plan and environmental impact statement that, again, is assessed in great detail prior to the activity going ahead.

So, I think, in the broader point of discussion, it's important to understand that, if there is a decision to lift a moratorium, that's not a green light for specific activity that's still subject to very close scrutiny review and specific approval processes.

Justice Pepper: Yes. Yes, Professor Priestly.

Brian Priestly: Yeah, Mr. Doman. There're a couple places in the recommendations where a setback distance has been prescribed. Do you have any comment to make on those setback distances and the way in which they're actually defined?

Matt Doman: So, we have said we don't support prescribed setback distances. We do accept, and it is standard operating practise for us in the industry, to have appropriate distances back from any residences or any other facilities or amenities. We do think they ought be determined in consultation with the land holder, and representatives of the community or other users of that land. There may be places where, for example, I think the setback from residences proposed is 1600 metres. We accept the concept of not being an impact of our facilities on the occupiers of those residences, but whether that's achieved with a 1500-meter setback or 1700-meter setback, we think, can be determined in consultation with the land holder and with the regulator.

And so we don't think that a specific prescribed distance is necessary, but the jurisdictions ... And, Adam, correct me if I misspeak ... We do find that there're setback distances defined, whether we like it or not, but they are typically, I think, in one kilometre is the distance, I think, in Queensland. I stand corrected if I'm wrong. As our observation would remain the same, we maintain our opinion on those regulations, but we're not the regulator, and we have to operate within the rules that are put in place.

Justice Pepper: Any further questions? One last question as to ... Oh, well, no, I'll let you go first. Go ahead, Dr. Beck.

Vaughan Beck: The panel has heard very passionate arguments being put forward for the need to have baseline conducted prior to any exploration and appraisal. And that's been a very strong message bearing passion. Very, as I said, heartfelt, and the panel will be considering those propositions that have been put to it. Does the industry find accommodation for those concerns that have been



very genuinely expressed and can APPEA, on behalf of the industry, try to find some accommodation for having baselines conducted prior to exploration?

Matt Doman:

I think a proper amount of time needs to be taken to conduct extensive and sufficient baseline studies. The activity that we proposed during exploration helps gather some of that information. It doesn't prevent the gathering of that information and we think there is no need to delay exploration activity while that takes place. It only extends the deadlines. So, the timeframes. It only extends the timeframes towards development. The industry is not the only beneficiary of that development, as we've tried to point out in many instances, including through the course of the inquiry.

Delaying that activity and the benefits that flow from it, I think, is, of itself, not an aim. And I don't think the exploration activity that we propose prevents the baseline studies from occurring, or is necessary to be suspended prior to that taking place. We heard the submission from Lock the Gate this morning that, if a company had invested significant money in exploration activity, that somehow, they would be ... And then were to propose appraisal and development application, that somehow there would be a proponent that could not be resisted because we had invested so much money and we had much such an effort during the exploration phase.

That is not our expectation, whatsoever. We know that we have face, the requirement for approval before we move into that production phase. We've seen that in New South Wales and other areas where Santos has invested considerable money in the Narrabri region in developing the Narrabri gas project. They do not take for granted that that project will be approved. They've lodged their environmental approvals for that project, but it is far from certain. Certain that we hope that that will be approved, but that is decision for the regulatory agencies of the New South Wales government. It's not a certainty that, because we've been such good explorers, that we'll automatically be granted development and production licence.

Vaughan Beck:

A couple of observations. If this proposal goes forward, we have a cerebrum which is going to impose much more stringent baseline monitoring with potential significant implications. Then I think what the company ... what you're saying is the companies are prepared to accept a higher risk of a negative outcome because, if these were to go. They're going to change the ground rules in terms of what is going to be monitored, and it's going to be more extensive, and new industry then subject to the possible implications which raises your risk profile.

I just wonder whether you've fully thought through the implications.

Matt Doman:

Well, I think-

Vaughan Beck:

That's one thing, but I can finish.

Matt Doman:

Yep.



Vaughan Beck: And, secondly, there's been a continual issue of industry wishing ... A need to have a social licence to operate, and we've been talking about this for many months now. I wonder whether some of the attitudes that I'm hearing from industry are conducive to gaining a social licence to operate.

Matt Doman: So, on the baseline study piece, first of all, there is no resistance, from our industry to the gathering of baseline studies. I think it's fair to say that we, in hindsight, would've rather gathering more extensive baseline studies prior to full-scale development in other jurisdictions as well. That wasn't done, but we had the opportunity here in the Northern Territory to do that. I think that's one aspect of the Northern Territory way here that we can, in the [inaudible 00:23:15] that we can gather stronger baseline data before entering into full-scale development and production.

We wouldn't support the gathering of baseline data if we intended to ignore it or seek to not respond to its findings. If that baseline data and other work proves that our activity is not appropriate, can't be conducted safely and sustainably, we would listen to that data. We would respond to that information. We would adjust our plans accordingly and I gather, I'd expect we probably wouldn't get approval to conduct the activity we'd proposed. So, we know that we're in an ongoing dialogue with the community, with the regulatory agencies of government and others, and that dialogue needs to be informed by information.

We need to share information that we have. We need to support the gathering of information from other agencies that can also be shared, and factor it into the decision making. We are very confident that we can operate safely and sustainably in the Northern Territory as we do around the country, and we're very keen to establish a framework here that enables that to take place. That builds community support. Community support which will continue to be portrayed in some sections as being absent. We will continue to have, I am sure, an increasingly ideological, international energy debate. People feel very strongly about the use of fossil fuels in any way, shape, or form.

And that's an appropriate view to hold. It's not a view that I or my members hold, but it's not an illegitimate view, and they're told to express that view. I think we ... But we also need to cut through when other issues are presented as being obstacles to development really only for the purpose of achieving the objective of ending all fossil fuel production. So, I think legitimate local environmental issues have to be properly addressed. False and exaggerated claims about incidents and we ... I feel that we've seen one of those today and an orchestrated attempt to leverage that information to influence the broader community at the debate here that will continue to happen.

We need to respond to it. Many will say and observe that we need to respond as an industry better to it, and I'll wear that criticism, but, as I said, we need information, we need to share information. It won't be just in the timeframes of this inquiry. It will be as long as we seek to operate here in the Northern Territory.





- Vaughan Beck: I would not characterise all of the submissions and the hearings that were heard as being intended to stop the fossil fuel industry. There have been many genuine commentary.
- Matt Doman: Absolutely.
- Vaughan Beck: In terms of a concern to get that baseline first. Without the expectation that that will stop the fossil fuel industry in its tracks.
- Matt Doman: No, I didn't intend to say that, and I apologise if that was the impression I created. There're many, many people in the community have genuine questions and concerns, and we understand that, and we're committed to responding to them.
- Justice Pepper: Mr. Doman, when does exploration stop being exploration and become quasi-production? If you've got 50 or 60 exploration wells spread out across a particular area, surely the impacts start to add up. The risk starts to magnify. Why shouldn't, as many of the submissions have been put before us in the last two days, why shouldn't we, perhaps, revisit whether or not Shariba should apply prior to exploration if that's going to be the number of wells, or potentially the number of exploration wells that'll be drilled?
- Matt Doman: Well, firstly, the regulatory agencies have the opportunity to approve or not approve every single exploration that is to be drilled. If there were to be a concern that the cumulative impact of exploration were reaching a stage where those approvals weren't granted, that is in the hand of the regulator. It is our firm belief, however, that that's not the case. That our exploration activity is a limited number of wells with a small footprint that is helping build our knowledge of not only the commercial aspects of development, but of the environmental aspects of development, and, along with baseline studies, builds our knowledge and enables informed decisions at a later date around whether full-scale development be permitted or not.
- Again, we believe, and we believe there's ample evidence to support the fact that significant and other economic benefits from this activity so that activity ought not be delayed for the sake of actions that somehow appease some sections of the community that aren't based in science that don't reflect environmental impacts or environmental performance. Delay for the sake of delay will ultimately ... Well, at least delay, but possibly prevent this activity occurring at all.
- Justice Pepper: I'll go to Professor Hart, then I'll come back to my last question. Thank you.
- Barry Hart: I'll just follow that up, if I may. So, as you rightly pointed out before, any exploration activity still needs an environmental management approval, but let me put it to you that, at that moment, that approval is within the mining agency. And there've been lots and lots of concerns about that, but I put to you, again, this is in terms of the roll out of some of our recommendations and the like. What would you say if one limited exploration approvals until possibly our option one, which is a separation between DNRM and the



environment. So that the actual environmental approval would be within the Environment Department.

Matt Doman: For exploration or for-

Barry Hart: For exploration.

Matt Doman: Well, we don't believe that's necessary. We don't believe that that delay is necessary. We believe that, in the current exploration phase that the industry is in, the current regulatory agencies have done their job adequately.

Barry Hart: But with respect, we're talking about social licence. We've heard so many times that the approval, particularly the environmental approval process, within the Natural Resources and Mines Department is not trusted. So, I'm suggesting to you that there's a way ahead that may be a preferable way.

Matt Doman: I think that the recommendations made in your report need to be considered and implemented as expeditiously as possible. I don't think that it is necessary to delay appropriately approved activity. The idea of delaying activity to appease some in the community who oppose that activity I don't think is a constructive one. I think we need to put-

Justice Pepper: Surely, some of those people are there to ... They're there because they want to protect the environment. They want to protect the territory way of life. They want to protect brand. They want to protect tourism. I don't think they're there just to delay-

Matt Doman: The assumption is that we don't want to do those things, and I reject that. We want to do those things as well. We have high environmental standards. As we have said already, we're very supportive of taking the time to adjust the regulatory framework prior to production to conduct the baseline studies prior to production. We do not believe that the limited activity occurring during the exploration phase will have negative environmental impacts, will automatically lead to ... Assumes that future production approvals will be granted. And I don't think a freeze on that activity will assist anyone who is relying on the future energy flows that will come from the Northern Territory.

People are looking for employment and economic activity in the Northern Territory. We've already seen ... We see a challenging time for the Northern Territory. Economy. Our activity, albeit limited during exploration phase, can have an immediate impact on economic activity, including in the regions that would host development. There is a ... I don't want to dismiss the alternate view as always being an emotional one, or an extreme one, or an unreasonable one, but I think we have to balance the needs of our needs to secure energy supply, our needs to secure economic footing at the Northern Territory with the objective of, at all times, protecting the environment and existing industries here in the Northern Territory. I don't believe, if you're proposing a continue freeze on exploration activity, that that achieves the environmental projects at all.



- Barry Hart: But I don't think we're, in any way, suggesting - not in these questions anyway - a continuation of freeze. What I'm trying to put to you is that maybe there's a better way. You use the word "appropriate approval." I think there's many, many submissions we've had that says that the approval process at the moment is not appropriate, at least from the environmental point of view, and we have potentially a way that could make it a little bit more acceptable to some of those who don't trust-
- Matt Doman: Sir, we don't concede, and we don't agree with that view that the environmental approvals are not appropriately granted. I don't think that claim is made about the origins at Mungee Well that was the most recent well that was drilled.
- Barry Hart: I'm not talking about that. No, I'm talking about-
- Justice Pepper: You're talking about-
- Barry Hart: So, you don't agree with our last recommendation. The option of separating, or the necessity, perhaps, of separating the technical approval from the environmental approval. That's the gist, absolutely the gist of the last of the regulatory recommendations. So, you don't agree with that?
- Justice Pepper: That's 14.31 and I think you've said you don't agree with that.
- Barry Hart: Don't agree with it.
- Justice Pepper: On page 28 of the submission.
- Matt Doman: Yeah, that's right. That's right. We-
- Justice Pepper: Just, again, I-
- Barry Hart: Okay.
- Justice Pepper: I just don't understand how it could ever be a good thing for the same arm of government that promotes the industry to be the same arm of government that's responsible for compliance and enforcement.
- Matt Doman: Well-
- Justice Pepper: Very few ... In fact, I'm struggling to think of another jurisdiction where that occurs.
- Matt Doman: Well, we believe that the regulatory framework that applies in South Australia and that applies and has evolved over decades, is a very good one, and is demonstrated to be effective. The agency - and this observation is made frequently - the agency that recommends ... Sorry, that regulates industry is the Department of State Development. So, in its very name, it is committed to the development of the state, and some believe, as you're suggesting and it's your recommendation that that's not appropriate. I don't



think that we have seen any regulatory failings by that agency in South Australia because they are housed in the same department as the Department of State Development. That ultimately, though, is a matter for government and a structure for government, and we don't make those decisions.

We will have to accept those decisions. We do support a single regulator. We don't insist that that be the same agency that also promotes development. Arguably, the department here in the territory doesn't promote development. It contains the NTGS, which provides information which may facilitate investment decisions, but the Department of Business, for example, is a much stronger containing the Northern Australia Development Office and other agencies, are much more stronger pro-development agency than our regulatory body, but, as I said, we've made our comments and submission on that.

We'll await the final decision, but we ... I suppose the example of South Australia is my best response to, "Do we see a problem with the regulatory agency also having a promotional activity?" No, we don't. We don't demand it. We don't necessarily expect that that continues, but we do believe that the single regulator model applied in South Australia for decades is a good one.

Adam Welch: I can just add, chair. The Freighter Institute and your petroleum survey of international petroleum risk of different jurisdictions has consistently ranked South Australia as the best Australian jurisdiction on an overall regulatory framework.

Justice Pepper: So, is your submission ultimately then to this inquiry that we should adopt the South Australian model?

Matt Doman: I think we've consistently urged reference to the South Australian regulatory model. We're somewhat beyond that point now with your draught final report and your specific recommendation, so, therefore, we've adjusted our positional response to your recommendations. We continue to say that there're many good things about the South Australian regulatory model. I think many of your recommendations go towards aligning practises in the territory with jurisdiction such as South Australia and Queensland which have had a longer experience of onshore oil and gas activity of significant scale. They're largely recommendations that we have supported in your report. So, sorry. If the question is, "Do we think the South Australian model is a good one?" Yes, we do.

I think we're at a moment now where you've suggested a framework with quite specific detail and we're responding to that.

Justice Pepper: So, do I take it from that answer, then, that you accept that there is work to be done in strengthening the regulatory framework in this jurisdiction?

Matt Doman: I think that's to the extent that we've accepted many of your recommendations that work ought be done, and, again, to go to your point



that that's ... In building confidence in the regulatory regime in the Northern Territory's important. We will do all we can to work with government and its agencies to achieve that. We believe that that will take time. We believe that they must be in place prior to production licences or production approval's been granted. We believe that exploration activity ought to be able to continue while that work is being done.

Justice Pepper: That last point puts you at slightly odds with some of the submissions we've heard from some of the gas companies before us over the last two days which is that there should be some grey area or exceptions to allowing the regulatory form to take place while still having some production occur. So, you would, obviously, disagree with that position from the gas companies as that have put it before us.

Matt Doman: To clarify, are you talking about production testing during an appraisal activity?

Justice Pepper: Well, I guess that's what I'm asking you.

Matt Doman: Which is consistent with an exploration permit? Is that the sort of reference you're referring to?

Justice Pepper: No, I'm asking you. So, where do you say that the regulatory reform should be allowed to continue in parallel with what process? With exploration? With production? With production testing? Where do you say it should-

Matt Doman: Well, I think production testing is part of exploration activity, and the very small amount of gas that is produced in that process is important to building our knowledge of the gas resources, and the commercial sustainability of the production. I think that is understood to be part of the production in the appraisal activity. If you are going to drill a significant number of wells to deliver and define an amount of gas into a commercial market, and you're submitting an environment approval to do that, I think that is the point at which we would expect to be doing so under a new regulatory regime.

Justice Pepper: Thank you for that point of clarification. Thank you, gentlemen, for appearing today.

Matt Doman: Thank you.