



MS CONTRACTING

30 April 2017

Northern Territory Hydraulic Fracturing Inquiry

Submission By:

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Flying Fox Station

MS Contracting

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1. Overview

I was born on 4/10/1971 on Limbunya station located in the VRD district approximately 900km southwest of Darwin in the Northern Territory. I was raised on several pastoral properties throughout the Northern Territory and the Kimberleys. Upon the completion of schooling via Katherine School of The Air and boarding school in Darwin, I attended agriculture college in Queensland and then began to work extensively throughout the pastoral industry within Australia.

In 1995, I completed my helicopter license and flew commercially in the heli-mustering industry and formed a fully serviced contract mustering business processing up to 120,000 head of cattle per year.

In 2003, I purchased Flying Fox station approximately 500km southeast of Darwin in the Roper River district. Flying Fox was purchased primarily for cattle production but also for its potential irrigated agriculture prospects.

In 2011, the Federal Government at the time placed a ban on the live cattle trade which immediately ceased my cash flow and my ability to remain solvent. In order to financially survive, I established MS Contracting (MSC), a civil construction arm of my business, specializing in providing services to the mining and onshore oil and gas industries.

Since then I have developed Flying Fox Station, a property which was bare of stock and with only 30% of the property developed when purchased, to a herd of approximately 6,000 head of cattle and fully developed. This was achieved by reinvesting the proceeds from the MS Contracting business, which in 2011 grew from 4 employees specializing in providing services specifically to the onshore oil and gas industry up to 55 employees until July 2016.

2. MS Contracting Profile and Capability Statement: Attachment No (1) Flying Fox Station Development map: Attachment No (2)

3. 2016 Events leading up to the NT Election and Post Election

3.1. During 2015 and early 2016, MS Contracting was conducting works for its major client Pangaea Resources conducting oil & gas exploration works in the Stuart Plateau area approximately 500km south of Darwin.

Amongst numerous activities, one of the tasks was to design and cost out the sealing of the 65km Western Creek Road (currently dirt) on behalf of Pangaea and the NT Government. This road currently provides access to 6 cattle stations directly and a further 4 indirectly, with wet season access being very limited and nil for heavy vehicles.

The reason for the sealing of the road was to provide year-round access for Pangaea to be able to operate, as planning had also started for pipeline construction and production facility design along with a logistics hub staged on the Adelaide-to-Darwin rail line.

The logistics hub was designed to be multi-user so all stake holders in the area would be able to utilize it for things such as freight delivery and live cattle transport to markets.

Pangaea, MSC and the NTG were in formal negotiations with preliminary design having been completed and early construction work scheduled to commence in 2016.

In order to accommodate for this project and its existing works, MSC's business model was ramping up to 130 employees.

3.2. The Labor government policy announcement prior to election and repercussions.

On the 3rd of February 2016, the Labor government announced a policy that they would place a moratorium on fracking within the onshore oil & gas industry in the NT if they won government in the upcoming election on the 27th Aug 2016. This was later confirmed and expanded upon at the NT Labor conference, which passed a motion to implement a moratorium covering all unconventional gas prospecting, exploration, and extraction activities in the Northern Territory.

Immediately upon this confirmation, Pangaea ceased all of its operations in the NT oil and gas sector due to the uncertainty of the continuation of the industry and of being able to capitalise on the major investment that it had already injected into the NT via oil and gas exploration. Following close behind in withdrawing from the NT were the remainder of MSC's oil and gas clients, winding back their work programs for the same obvious reasons.

3.3. Post election

Labor won government on the 27th Aug 2016 and initiated the fracking moratorium. Since then, the MSC business has gone from potentially employing 130 employees to not being able to keep its previous peak of 55 employees and currently now employs 1.

Further fallout due to this policy decision is over the past 4 years I have been completing the preliminary design works for broad acre agriculture to be developed on Flying Fox station, which would be the first of its kind in the NT. The funding method for this development was going to be my business model via reinvesting MSC proceeds back into the Flying Fox development. This is no longer an option for me due to the cessation of MSC's business which was based in oil and gas.

4. Current regulatory process overview

4.1. General Oil & Gas Company internal procedures and policies

The oil and gas industry on a whole would be one of the most stringent, self-regulated industries in the world in regard to procedures and policies to do with Health, Safety and Environment (HSE). The reason why I say this is they all have to comply with the HSE legislation nationally and internationally.

For example relating to environmental issues, I have worked with two companies that have had the issue of *flow back waste water*. This water had to be treated at a certified wastewater treatment facility as instructed by the NT DME. Both companies had to truck the water to certified treatment facilities from locations in the NT, one to Townsville at a distance of 1400km and the other to Roma at a distance of 2500km. The cost to complete this exercise was in excess of 1 million dollars each. This did not deter the operators from completing the operation.

As all activities involve risk, all oil and gas companies are legislated to complete risk assessments. As in the case described above, carting contaminated wastewater over that distance would incur considerable risk. However, a risk assessment was conducted, the risks were identified, and the risk was mitigated by implementing a journey management plan. Documentation for this exercise can be provided if required.

To put this whole scenario into context, currently a triple road train of sulphuric acid travels from Darwin to Ranger uranium mine 250km every day, not taking into account every gold mine in Australia that uses sulphuric acid. The point of this is to identify that these types of scenarios occur everyday all over the country in multiple industries and are managed by risk mitigation.

Currently there is no wastewater treatment facility in the NT. If the onshore oil and gas industry were to eventuate, MSC's plans were to establish a plant for that specific purpose. I have been doing considerable research in the United States on wastewater treatment plants, which collect wastewater from various sources and then utilise the wastewater after treatment for agriculture purposes; this has already proven to be a successful concept.

4.2. Review of existing regulations.

It is my understanding that there is a set of regulations, which have already been reviewed by the world-renowned Dr. Tina Hunter who is a specialist in Petroleum Law and Regulation. As a taxpayer, I cannot understand why we would **waste more money on reinventing the wheel**. Why would we not invest money in and utilize the information that other governments have already paid to develop and learn from people with the relevant and distinguished knowledge like Dr. Hunter?

4.3. Regulations need to be a live document.

The Northern Territory has a totally different environment, climate and geology compared to southern Australia and the world. So when comparing or using regulations from other states or the world, this will always cause conflict between the regulation and the practical application of the regulation here in the NT.

The initial regulation can be used as a base line but needs to be modified as appropriate by the regulator (DME) working close to the operators and amending regulations when and where required. In order for this to happen there needs to be an industry. With the industry being able to operate, the baseline regulations can be implemented and then tailored to suit the NT and or individual basins specifically.

Regulation cannot be effective without knowing what practical applications exist for the specific environment and geology to which the regulations are supposed to be related.

To give an actual example of this, in 2015 MSC and Terrabos Consulting were working with the DME in designing a wet season drill pad, as wet season drilling operations have never been conducted in the NT. This concept involved a risk assessment which identified all the potential risks and then mitigated them via hydrology and design. The design work was never completed due to the moratorium being enacted. Further information for this example can be provided if required.

4.4. Recommendation for an **Order of Process** to be formed and used as a guide for Oil and Gas companies in their approval process.

I believe there should be a check box system developed for oil and gas companies to follow when they are conducting their approval process. This would simplify the process and put all operators, landholders and the regulator on the same page. This would be as simple as providing an easy-to-follow system in which there is a clear and concise step 1, followed by a step 2, then step 3, and so on. Again, I can provide a complete example of such a proposed system if requested.

5. Access and right of veto.

5.1. Even as a pastoralist myself, I do not agree with the right of veto on pastoral lease land.

With the actual land component that is covered by a pastoral lease, this is then split into 2 leases: (1) the surface (i.e., the pastoral lease); and (2) below surface, or the mineral/petroleum tenement. Thus, there are actually 2 leases attached to the particular piece of land. Both leaseholders of surface and below surface are legislated to conduct certain operations with that land. If they do not perform those operations, they are in breach of the lease covenants, thus denying the owner (the government) any revenue that would be generated by the activities conducted. If the surface leaseholder was to have the right to stop the below surface leaseholder from conducting its legislated obligations, it would also necessarily prevent the owner (the government) from receiving any income from its asset. If this deprivation of income were to happen, the surface leaseholder should have to compensate the below surface leaseholder and the owner (the government) for its loss of revenue from its asset.

5.2. Reference by Certified Organic Pastoral Lease Holder, Epsilon Station: Attachment No (3)

5.3. Aboriginal Land

Aboriginal free hold land already has the right to deny access.

Please consult the NT Land Rights Act.

5.4. Operator abuse and negligence.

As a service provider to the oil and gas industry, I have experienced firsthand where oil and gas companies have breached and overstepped their privileges in regards to land access. This occurred in 2014 when MSC was contracted to provide civil operations for an international oil and gas company. The location

was in central Australia NT. MSC had no involvement with the landholder access negotiations but was specifically only involved in civil operations.

Interstate contractors conducted all land access negotiations. Within those negotiations, the use of water for construction was not properly detailed or negotiated with the landholder. This led to MSC running out of construction water and not being able to complete its operations. The company representative/construction supervisor who was from interstate as well made the decision to go elsewhere to find construction water. He did find a water bore on the next door property. With completely no attempt to contact or procure access approval with that next-door landholder, the oil and gas company representative directed the MSC supervisor to start taking water from that particular bore. When this action came to my attention in the daily report, I immediately ceased operations and stood MSC down. I then contacted the landholder involved and explained the situation followed by meeting with the Australian CEO of the oil and gas company involved and making them rectify the situation by installing a new bore and making good the road to the bore. (Further information on this matter can be provided in confidence if required.)

5.5. Reason for the use of local content.

The NT has a completely unique and different environment across all facets of its entirety compared to southern Australia, from the actual environment, weather, land uses, and geology to regulation and lifestyle. Given that most oil and gas companies are from southern Australia or internationally-based, most of their employees and contractors are from the same areas all outside the NT. Using 5.3 above as an example, that situation occurred in large part because the oil and gas company used interstate contractors to conduct their reconnaissance and access planning, which led to the problems that arose, as described above.

By oil and gas companies using local content for their services other than obvious specialist activities, it would eliminate these types of issues and others that may occur because locals know the NT environment in its entirety and are aware of the NT's unique environment. In particular, the use of local content is absolutely essential for the negotiations of land access and the ongoing cooperation between oil and gas companies and landholders. A particular oil and gas company that is using this principal is Pangaea. They have used local content since starting operations in 2013 in the NT. I will personally say that they have set a very good example for using local content and their continuation of strong relationships and interaction between landholders and their operations.

Another reason why the use of local content is vital to the NT concerns the economy. By creating stimulation in the form of jobs, population growth,

industry growth and new infrastructure development, the NT and its citizens will necessarily benefit from the utilisation of local content.

5.6. Recommendation for mandatory landholder, operator and DME representative briefing session for exploration.

A mandatory briefing session among the landholder, operator, and DME representative would be part of the required procedural check box system as mentioned in 4.4., above, prior to exploration. The briefing would be based upon the oil and gas company's work plan for that particular year which is a mandatory obligation they have to produce for the DME. All stakeholders would be present, including landholders, oil and gas company and the DME, and the briefing would explain the work plan for the program in depth, including access, drilling locations, seismic operations, and water supply, management, drilling methodology, well integrity, geological structure etc. Any potential disputes or concerns could be resolved at the briefing session, thus providing considerable savings in future time and effort and ensuring a successful and peaceable operation. The DME would also act as a verifier that the work plan and the operations are going to be in accordance with the regulations.

5.7. Legal explanation on how land access and use is conducted in Texas USA:
Attachment No (4)

6. Economic Benefits For The Northern Territory.

6.1. The Northern Territory government regardless of which one, has never constructed one bitumen road outside the main centres of Darwin, Katherine, Tennant Creek and Alice Springs without the benefit of federal government funding. Regional Northern Territory is severely under developed when compared to Darwin and the rest of Australia.

When I was a child on cattle stations in the NT we drove to town on a dirt road and relied on diesel power generation, 45 years on I am still doing the same thing. There has been no development in regional NT what so ever. Yet we can drive across the border into north Queensland, just as remote as the NT and find grid power distribution and bitumen roads.

The NT needs the oil and gas industry to be able to develop or we will continually remain a welfare state.

6.2. Royalties for Regional Northern Territory. (RRNT)

If and when the NT oil and gas industry enters into production I recommend a royalty system to be implemented. This would be designed for all oil and gas producers to pay a royalty percentage to a formed legislated body, for example, Royalties for Regional Northern Territory. (RRNT)

RRNT would be a legislated body governed by an elected committee representing all stakeholders in regional NT. All stakeholders have to reside in regional NT. The oil and gas royalty percentage would then be distributed into the RRNT. All royalties are to be reserved only for infrastructure development in regional Northern Territory. THIS DOES NOT INCLUDE DARWIN. The committee would prioritise where and how these funds are to be invested and then passed onto the current government at the time to undertake and deliver the works. It would also be legislated that no government at anytime could interfere or determine where and how the funds are distributed. The legislated body would be independently audited annually.

6.3. Examples of the type of infrastructure that is required.

- Bitumen roads and bridges
- Regional power generation and distribution
- Communications
- Health centres
- Education facilities
- Logistical infrastructure

I would like to thank the panel for taking the time to review my submission and I will be available for any further consultation if required.

Yours sincerely

Mark Sullivan

Managing Director

MS Contracting

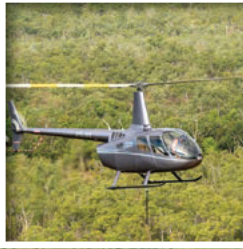


MS CONTRACTING

/ SERVICE PROVIDERS TO MAJOR RESOURCE EXPLORERS AND DEVELOPERS

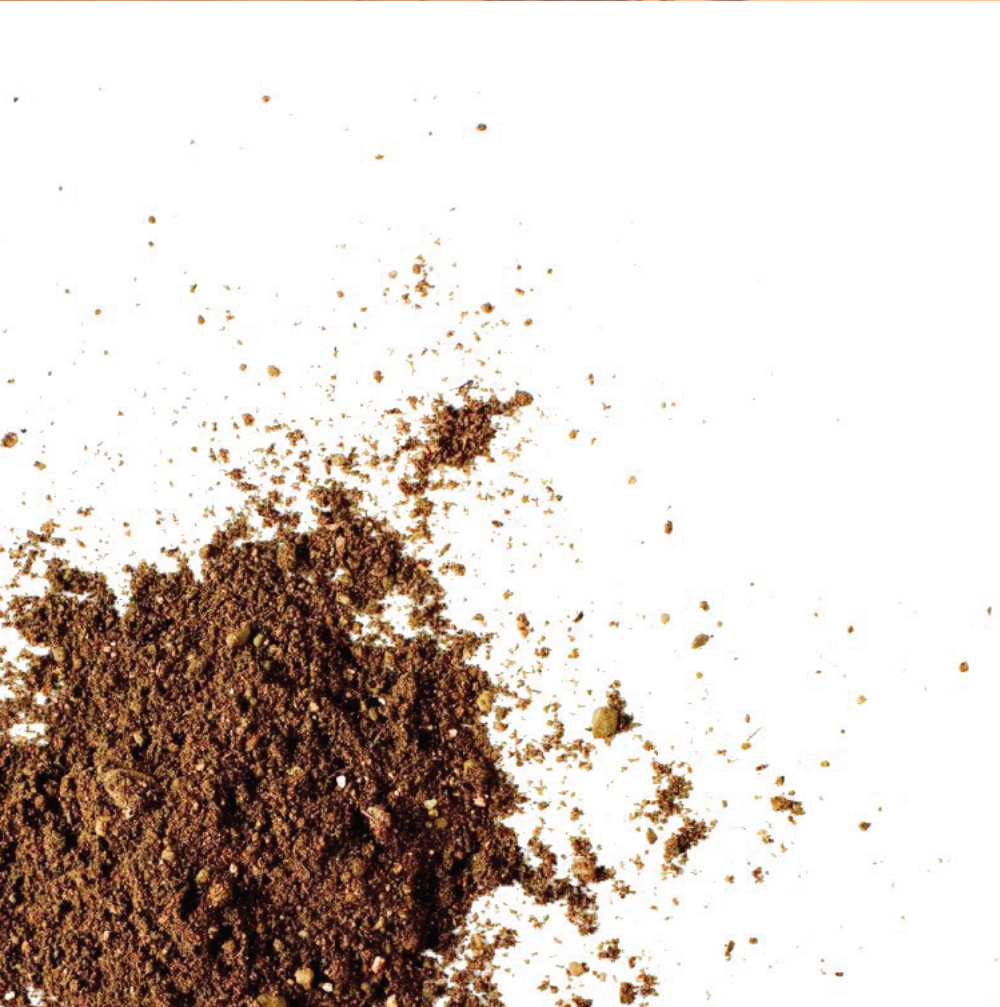
DIVISIONS OF MS CONTRACTING

FIELD SERVICES | CIVIL CONSTRUCTION | HELICOPTER SERVICES
PLANT & EQUIPMENT HIRE | REMOTE CAMPS | TRAINING



MS CONTRACTING

INNOVATION | OPPORTUNITY | COMMITMENT



/ MISSION STATEMENT

MS Contracting's strategic vision is to be Northern Australia's leading civil contractor and construction specialist partner of choice.

We have demonstrated excellence in this by maintaining a competitive position across multiple industries whilst remaining compliant with Australian industry standards.

We provide a collaborative partnership service which covers a diverse range of capabilities from concept design through to commissioning, including all stakeholder interfaces.

Utilising our local knowledge, commitment and operational flexibility, our success will be measured by our capacity to deliver projects on time and on budget for a wide range of industries including major resource explorers and developers.





/ FIELD SERVICES

- › **Access to government departments and ministers**
- › **Negotiations with Aboriginal Land Councils & Traditional Owners**
- › **Native Title issues**
- › **Sacred site & heritage**
- › **Negotiations with pastoral property owners**
- › **Land Access Agreements – both Aboriginal & pastoral properties**
- › **Project management**

Unlike the rest of Australia, the Northern Territory has a complex Aboriginal Land Rights Act, Aboriginal Inalienable Freehold Title as well as the Native Title Act.

Pastoral Cattle Stations are held under perpetual lease under the Pastoral Lands Act with smaller holdings and Aboriginal stations being freehold title. Cattle stations vary in size from a few thousand hectares to millions of hectares and ranging from private or family ownership to corporate, Aboriginal Freehold and overseas ownership.

The climate of the Northern Territory ranges from desert in the south to savannah and open plains to the tropical north with rainfall ranging from 250mm

in the south to 2,000mm in the north per year. There are limited all weather roads and one railway runs from Adelaide to Darwin.

In essence, the Northern Territory is a very large (1,349,129 sq. km) with a small population of only 233,300 people, (density .17/sq. km) with an extremely complex land tenure system and an Aboriginal Lands Rights Act found nowhere else in Australia.

As the exploration for minerals, oil and gas increases throughout the Northern Territory there is an increasing demand for a variety of specialist services that can only be provided by people with the experience and knowledge of all the requirements of a project.



Currently, exploration companies are engaging different service companies and/or consultants to provide mostly singular services, resulting in increased costs and inefficiencies and the resultant confusion where there is a crossover of responsibilities.

Many of the consultants and/or service companies are either from interstate or from a city background with little or no knowledge of working in remote areas and usually have little or no knowledge of NT legislation and local government regulations.

MS Contracting and its' Directors have a long history in working in remote areas both in the pastoral industry and as a civil construction contractor, constructing access roads, well pads, and rehabilitation and has assembled a team of people with wide experience in the

Northern Territory in the mining, oil & gas, exploration and pastoral industries. This team also has specialized knowledge in Aboriginal Land Rights, Native Title, Northern Territory legislation and local government regulations so as to provide a one-stop-shop approach for exploration companies.

With their extensive local knowledge and experience, MS Contracting offers exploration companies a one-stop-shop option that is more cost efficient and delivers all of the solutions to the many varied and complex activities involved in organising and conducting mineral exploration in the Northern Territory.



/ CIVIL CONSTRUCTION

MS Contracting's civil operations is based at Flying Fox Station in the Roper River District of the Northern Territory, 100km east of Mataranka, accessible by the all-weather bitumen Roper Highway.

Being based in a remote area MSC fully understands the difficulties associated with undertaking major projects in remote areas lacking mainstream communications, good roads and immediate access to goods & services. Our many years of experience in the bush coupled with our operational flexibility and capacity to find innovative solutions allows us to quickly adjust to adverse circumstances and find solutions to problems that would otherwise cause costly delays to a project.

Much of the mining, oil & gas exploration and production is located closer to Flying Fox Station than to Darwin thus reducing mobilization costs.

By utilizing the services of qualified, professional engineers, designers and surveyors and incorporating the latest LIDAR, GPS & GIS technology, MSC can manage a project from inception to completion and commissioning.

With a wide range of machinery & equipment and qualified, experienced operators MS Contracting has demonstrated their capability by achieving on time, on budget completions of several large projects in the past few years. Examples are below.



2012 – Australian Ilmenite Resources

Construction of "Wet" Plant to process Ilmenite sands.



2012 – Australian Ilmenite Resources

Construct 8km of formed and capped gravel road from Roper Highway to the Roper River pump station including installation of 2 culverts and pump station.



RECENTLY COMPLETED PROJECTS

2012

Australian Ilmenite Resources

Construction of 14,440sq metre workshop pad & 40,000sq metre laydown pad, compacted to 95%.

Construct 8 km of Mine Haul road from the Roper Highway to the Wet Plant.

2013

Construction of a "Wet Plant" in the Roper River Locality in the Northern Territory

Pangaea Resources

Construction & rehabilitation of 300km of seismic line in the Victoria River District of the Northern Territory.

2014

Statoil Theta BV

Construction of 5 Drill pads, flare pits, turkey nests & construction of 140km of access roads across 50,000 sq km in Central Australia.

Pangaea Resources

Construction & rehabilitation of 4 drill pads, flare pits, turkey nests & 140 km of access roads in the Hidden Valley, Tarlee & Manbulloo localities.

DDH1 Drillers

Hire of a fully catered 32 man camp at Pangaea sites in the NT & Buru Energy Sites in WA

2015

Pangaea Resources

Construction & rehabilitation of 4 Drill pads, flare pits, turkey nests & 35km of access roads in the Tarlee locality on the NT.

Construction of a 40,000 sq metre laydown pad.

Hire of a fully catered 72 man camp during fracing & testing operations.

DDH1 Drillers

Hire of a fully catered 32 man camp at Pangaea sites in the NT & Buru Energy Sites in WA.

Fugro AG

Hire of a fully catered 46 man camp in the Kimberley WA.



/ HELICOPTER SERVICES

Based at Flying Fox Station, MSC & Remote Helicopters Australia has a fleet of helicopters with experienced Pilots available for a variety of aerial work.



R66



R44



AS350

- › Exploration surveys
- › Crew transfer
- › Sampling
- › Heli-rig operations
- › Lifting & slinging operations
- › A range of piston and jet helicopters are available

Remote camps can be supplied with a helicopter as a safety measure to perform medevac or search & rescue if required. Helicopter crew transfer from camp to the drilling or work site saves many man hours of driving to and from the sites thus ensuring more productive time by crews and minimises environmental

damage from constant vehicle movements over fragile soil types. Flying fitters and parts to broken down equipment saves time & money. Typically a 15 minute transfer each way in a helicopter would save up to 2 hours driving. Where MSC is the lead contractor on a remote job site, a helicopter is always on site as part of the normal operations.

Remote camps can be supplied with a helicopter as a safety measure to perform medevac or search & rescue if required.

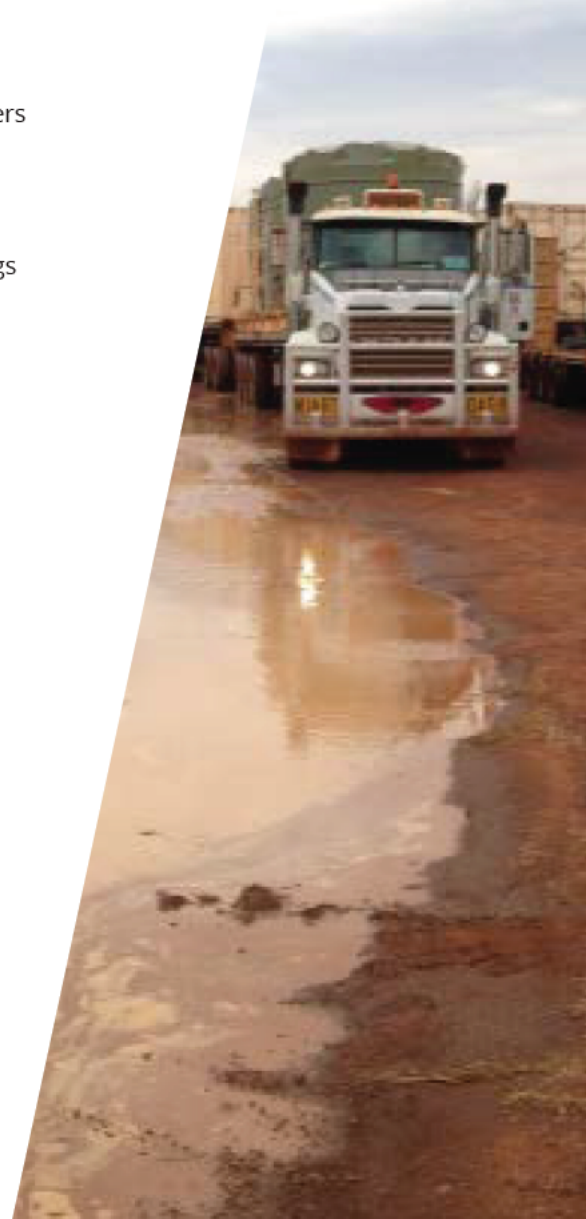


/ PLANT & EQUIPMENT HIRE

MS Contracting has a diverse range of equipment available for either wet or dry hire. We have machines available in a number of locations throughout northern Australia. MSC also has the transport capability for all mobilisation & de-mobilisation.

Plant & Equipment available includes:

- Cat D10T Dozers
- Cat D10R Dozers
- Cat 9R dozers
- Cat D6 Swamp Dozers
- Cat D7T Dozers
- Cat 16H Graders
- Cat 14H Graders
- Cat 140H Graders with Lasers
- Cat 740 Artic Trucks
- B 1 Serial numbers
- Cat 740 Water Trucks
with Kleine Tanks
- Volvo Artic 40 tonne Trucks
- Side Tippers
- Various size Front End Loaders
with Load Rite & Printers
- Cat 627G Scrapers
- Cat 623G Scrapers
- Cat 825G Compactors
- Cat 825F Compactors
- PC 1250 Excavators
- Komatsu 45 tonne Excavators
- Hitachi 35 tonne Excavators
- Hitachi 25 tonne Excavators
- Hitachi 13.5 tonne Excavators
with hammer & auger
- Cat 663 Pad Foot & Smooth rollers
- 2013 Kenworth Water Truck
with 18,000 litre Tank
- Various Manitou Handlers
- Atlas Remote Controlled Drill Rigs
- Atlas 400cfm Compressors
- Tamrock Minimatic Jumbos
- Jacon Spray Rigs & Concrete
Pumps
- Fleet of Service Units
- Hino 4 x 4 Service Truck
with Hi-Ab Crane
- Grouting Equipment
- Mobile Workshops
- Concrete Batching Plants
- Agitator Trucks
- Mack Rigid Body Truck
- Mack Semi & 2 x Side Tipper
Combos
- Kenworth Service Trucks
- Hyundai IT Loaders



/ REMOTE CAMPS

MS Contracting supplies Accommodation camps ranging from large site camps which can be supplied fully staffed and serviced or camp only to smaller fully mobile camps mounted on trailers.

Camp layout design can be constructed in any configuration to suit the terrain, usage requirements and/or environmental footprint. MSC Camps are provided as a complete turnkey operation with all construction designed in a "plug & Play" configuration. All camp buildings come complete with mandatory A/C, DB Boards, and smoke alarms and fire extinguishers.

In 2012 MSC supplied 120 man camps, catering and camp management for the Western Desert Haul Road Project in the Gulf of Carpentaria, NT.

In 2015 a 72 man fully catered camp was supplied to Pangaea Resources in the Tarlee locality.

Examples of construction layouts;

- › Ground level construction
- › Multi-storey construction
- › Floating pontoon construction
- › Terraced construction

We provide the following:

- › Kitchens
 - All cooking & catering equipment
- › Dining rooms
 - Tables, chairs, breakfast bars, bain maries, TV
- › Coolrooms, freezers, dry stores.
- › Ablutions/laundries
 - Washing machines
 - Dryers
 - Linen storage

Camp buildings are constructed from approved contained modules making them very robust in structure thus giving them the capability to be mobilized over the roughest terrain without causing interior damage thereby eliminating onsite repairs and costly downtime.

Sewerage treatment plants Environmentally approved.





Typical Kitchen Set-up of MSC Camps



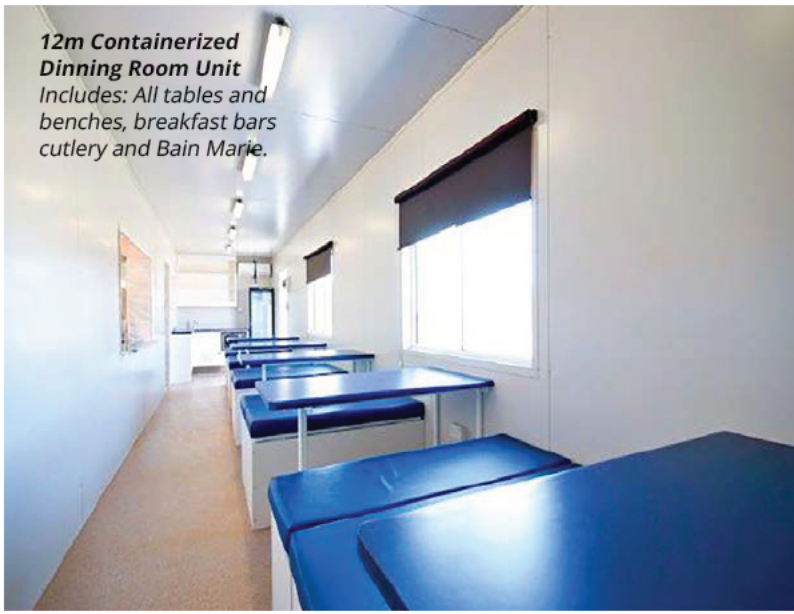
Typical Bedroom Set-up of MSC Camps



Dining Room of MSC Camps



Cool Room, Freezer,
Dry Store



12m Containerized
Dinning Room Unit
Includes: All tables and
benches, breakfast bars
cutlery and Bain Marie.



12m Skid Mounted Sewage
Treatment Plant



12m Skid
Mounted Water
Storage Units
Includes all
plumbing etc.



/ TRAINING CENTRE **FLYING FOX HOMESTEAD**

SPECIALISING IN CULTURAL, LOCAL CONTENT AND INDUSTRY SPECIFIC TRAINING

Northern Australia generally and the Northern Territory in particular, are experiencing a large increase in exploration & mining activity.

Across Northern Australia there are large numbers of untrained, unemployed people. Despite governments spending millions of dollars on “training” most of the local Aboriginal people do not have the skills or experience to find meaningful employment on mines in their own country. In most cases the quality of training being offered in remote areas can, at best, be described as inadequate and inappropriate to equip people with the necessary skills to actually get a real job.

Skill shortages in the Northern Territory are chronic but the large pool of unskilled, unemployed local people is being ignored.

In association with a Registered Training Organisation MSC is establishing the “The Flying Fox Station - Centre of Excellence” where unemployed people from all over Northern Australia can experience a live- in, real life training situation.

There are 32 ensuite rooms, kitchen, dining rooms, workshops, equipment and machinery with training up Certificate 111 in Civil Construction available. Trainers are all practical, experienced operators.

During their stay at Flying Fox the Trainees experience the same conditions as they would on a remote site, thereby giving them not only the skills required but actual real life work experience. Live-in training in Pastoral Industry Studies can also be arranged.



/ The members of the team whose details are listed below form the cornerstone of the operation

MARK SULLIVAN

Managing Director, MS Contracting & Owner of Flying Fox Station in the Roper River Region, Northern Territory.

- › Mark was born in the Northern Territory.
- › Worked extensively in the pastoral industry throughout Australia.
- › Completed a helicopter licence in 1995 and has flown extensively through out Northern Australia clocking up in excess of 15000hrs.
- › He established MS Stock Contracting Pty Ltd in 2002 as a contract mustering operation processing over 120 000 head per year.
- › Purchased Flying Fox Station in 2003.
- › Established MS Contracting in 2009 as a remote civil contracting service providing services to explorers and developers.
- › Mark has merged his skills between a pastoralist and civil construction to form a unique model that compliments the resource sector in Northern Australia. By combining these skills he has created a one stop shop operation that minimizes the clients administration, overheads and improves productivity within their operations.





/ The members of the team whose details are listed below form the cornerstone of the operation

BILL SULLIVAN

Manager, Business & Finance, MS Contracting

Finance, Contracts Administration, Tenders, HSE, Contractor Accreditation (CAL)

Qualifications

- › Diploma, Frontline Business Management
- › Advanced Diploma, Arboriculture
- › Advanced Diploma, Horticulture

Business History 1998 - 2013

Director - Sully Pty Ltd - Current

T/A The Stump Man NT Pty Ltd - Arboricultural Services Company

T/A Top End Land Management - Pastoral Industry Management Consultants

Director - Galahad NT Pty Ltd - Current

Industry member, NT WorkSafe & Safework Aust Expert Panel, Arboricultural Industry OH&S Code of Practice under the Work Health & Safety (National Uniform Legislation) Act 2012.

Prior to 1998

Operations Manager - Top End Group Training - Develop & manage the first NT Pastoral Industry Traineeship.

Pastoral Industry Consultant:

Consultant to NT Government on National BTEC Program. Pastoral industry liaison, Destocking co-ordinator, senior livestock valuer.

Industry Member, National & NT BTEC Committees - 4 yrs

Chair - NT Cattle & Buffalo Research Development Committee - 3 years

President - NT Buffalo Industry Council - 6 years

Manager Douglas Station, NT.

Manager Christmas Creek Station - Kimberley, WA

Manager Legune Station, NT.

Bill has a wide range of contacts through the pastoral industry and at both departmental and political level in the Northern Territory and local governments.



/ The members of the team whose details are listed below form the cornerstone of the operation

DAVID ARMSTRONG

David is the Managing Director of Terrobos Consulting & has over 25 years' experience in rural and remote Australia, in pastoral management, earthworks, infrastructure development and construction, and aboriginal engagement.

Terrobos Consulting is a Darwin based consultancy business established in 2011 and specializes in providing a comprehensive range of services in the areas of oil & gas exploration, mining & pastoral industries and aboriginal economic development.

Prior to establishing Terrabos David worked for 5 years at the Northern Land Council (NLC) in Rangeland Management. In this position David negotiated long term lease agreements on aboriginal land under Northern Territory Aboriginal Land Rights Act 1976, between Traditional Owners the NLC, Territory Government and third party proponents. As a result David has a unique understanding of the legislative requirements to operate pastoral, mining or exploration activities on aboriginal land.

David has an Advanced Diploma in Rural Business Management and a Cert IV in Training and Assessment. He has an intimate knowledge of the NT Aboriginal Land Right Act and the Native Title Act plus the Pastoral Lands Act NT.

David has unique interpersonal and cross cultural communication and negotiation skills, honed by complex negotiations between traditional aboriginal owners, the NLC, commercial proponents,

government agencies and funding bodies. This coupled with extensive remote pastoral management and earthworks give Terrabos, under David's leadership, the unique ability to offer specialised services across many different areas, including pastoral, mining and oil and gas exploration.

Exploration Field Services

Negotiation of access agreements to pastoral leases for exploration and mining

Negotiation of access agreements and long-term leases to aboriginal land under the NT land rights act 1976 and Native title act.

Community liaison and engagement including liaising with pastoralists and their representative bodies, and government agencies.

Cultural heritage Management including liaising with aboriginal communities and their representative land councils.

Remote logistics coordination.



/ The members of the team whose details are listed below form the cornerstone of the operation

KEN GARDNER

Arafura Property and Project Consulting.

Qualifications:

- › Diploma in Civil Engineering
- › Diploma in Communications and the Media

Experience:

- › Data Contracts Officer
NTG 2001 – 2004
- › OIC Urban Enhancement Program
NTG 2005 – 2007
 - Land release program
 - Minor new works, repairs & maintenance
 - Land development
 - Headworks
 - Major capital works
- › Member of the Major Projects Group
NTG 2008 – 2013
 - Development of the City of Weddell
 - East Arm Wharf Expansion Project
 - Development of the Arid Zone Research Institute
 - Initial Headworks for the suburbs of Bellamack, Johnston & Zuccoli
 - Investigations into the development of Berrimah Farm

- Investigation and development in remote regions including Timber Creek, Ti Tree and Pine Creek
- Peko road development in Tennant Creek
- Katherine East Development

In private practice Ken has worked on many major projects for both the private sector and government. Projects include.

- › Investigation and concept development for the Onshore Marine Logistics Base at East Arm, Darwin, NT
- › Onshore logistics base in the Kimberley, including a 3,500 metre runway, accommodation and long range Helicopter base.
- › Construction Project Management (first stage) of Lee Point Road Duplication
- › Construction Project Management Maluka Views subdivision headworks including the Rydges Palmerston Hotel
- › Project management of flood mitigation strategies for the NTG
- › Project management for densification strategies for the Darwin suburbs
- › Review and assessment of the Wadeye airport housing development





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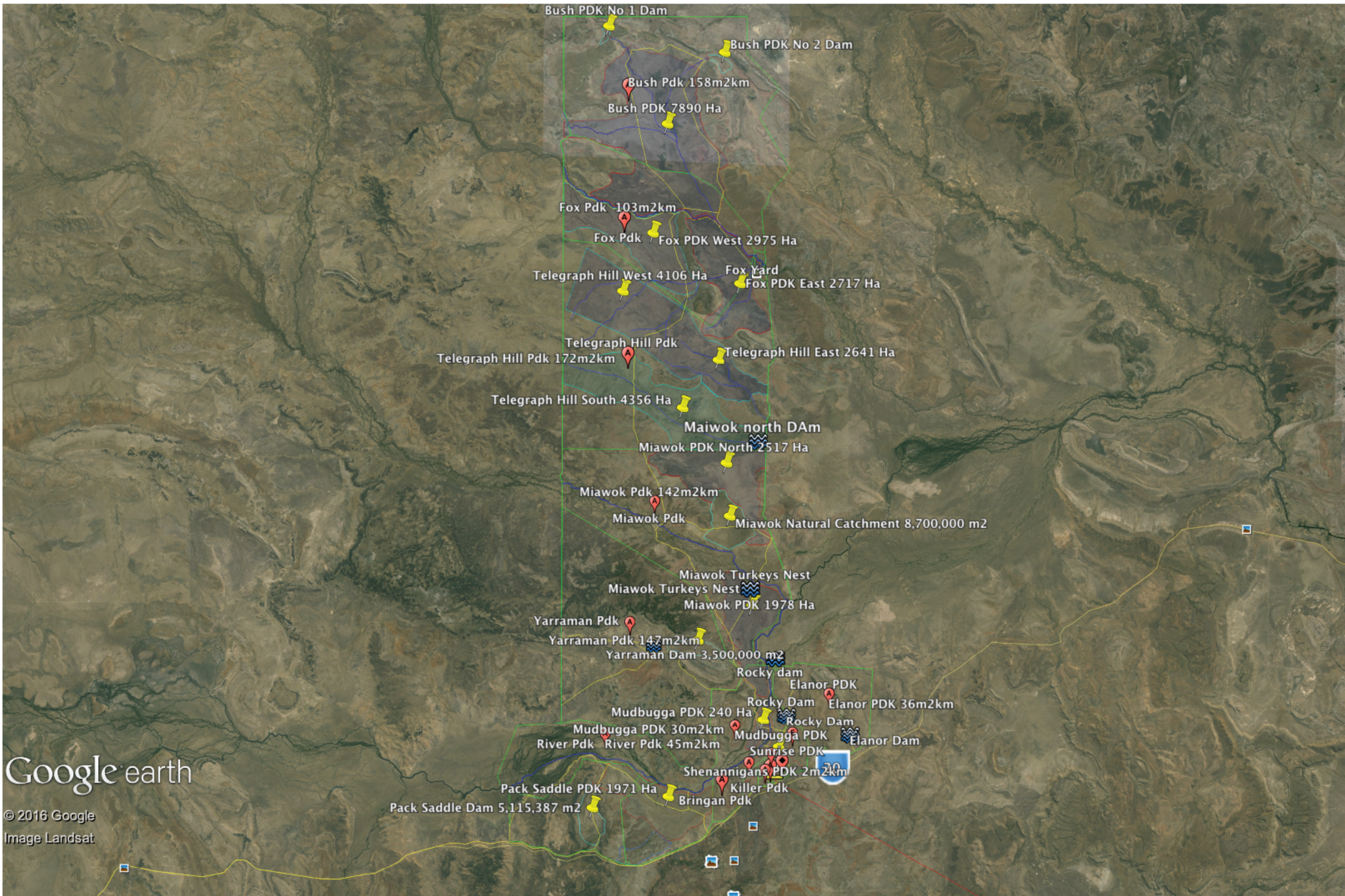
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Accredited Civil Contractors to:
Pangaea Resources Pty Ltd
McArthur River Mine
Liang O'Rourke



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From: Sharon Betts [REDACTED]
Subject: SANTOS EPSILON BETTS
Date: 1 May 2017 8:21 am
To: [REDACTED]

SB

Hi

Our property "Epsilon" is 209,000 ha and is situated in the far south west corner of Queensland within the Cooper Basin where Santos have most of the mining activity. We run a predominately hereford cattle enterprise and our property is certified as organic both domestic and NOP American accredited. We have been at Epsilon since 1959 and Santos started their activities around the same time. During this time period Santos has drilled about 100 wells both oil and gas and probably there are about 38 producing wells at the moment. Over this period we have developed a good working relationship with Santos and have experienced few problems. Most recently Santos did a huge 3D seismic survey over most of our property called "Snowball" which was one of the biggest seismic surveys done in Australia.

If and whenever a problem has happened with any Santos activity we found they were reasonably quick to rectify the problem and tried to work through it to get the best outcome.

As we are certified as organic they have had to make sure that their activities do not work against our clean status so they have had to fence off their wells and any evaporation ponds with good strong fencing and put waters outside of these areas for our cattle to access at their cost.

We have also benefited a lot with the built up clay roads that they have put in which has given us better access and particularly with the ability to truck cattle out easier and quicker.

Overall good communication between both parties seems to be the best approach for a good working relationship.

Regards

Graham Betts



Graham & Sharon Betts
Epsilon Station
via Tibooburra NSW 2880



MATHIS & MATHIS, LLP
ATTORNEYS & COUNSELORS AT LAW

Wayne R. Mathis
████████████████████

Kendall Mathis
████████████████████

Date: April 30, 2017
Re: Surface Use by Mineral Owners under Texas Law
By: Kendall Mathis, Texas State Bar #24046371

Introduction: I am a business law, real estate, and oil and gas attorney licensed since 2004 in Texas, United States of America. Below is a brief discussion of Texas law as it applies to the use of the surface of real property by mineral estate holders.

Overview: Texas law recognizes that the owner of the surface of a piece of land (the “surface estate”) can be severed from the owner of the minerals lying beneath the surface (the “mineral estate”). In Texas, the mineral estate is dominant over the surface estate. A mineral estate owner has the right to use as much of the surface estate as is reasonably necessary for the production of minerals, without compensation to the surface estate owner. The reason for this principle is that the ownership of a mineral estate would be wholly worthless if the surface estate owner were able to prevent the mineral estate owner from entering upon the land to explore for and extract the minerals.

However, the mineral estate owner does not have the unlimited ability to use the surface of the land for production of minerals. While the surface estate owner must allow access and use of the surface by the mineral owner to extract the minerals belonging rightly to the mineral owner, the mineral owner must still use the surface in a responsible manner and only to the least extent reasonably necessary to extract the minerals (in the U.S., this principle is called the “Accommodation Doctrine.”). If the mineral owner causes damage to the surface of the land in the process of extracting minerals that is beyond what is reasonable, the mineral owner is liable to the surface owner for the damages caused, which provides protection to the surface estate owner from a mineral owner’s negligent use of the surface in extracting the minerals.

Mineral owners must understand that cooperation between surface owners and mineral owners is important, because interference by surface owners can pose a major problem for oil and gas producers. Uncooperative surface owners can make exploration and production of oil and gas difficult. Thus, the surface owner becomes a necessary stakeholder in the process even if the surface owner has no interest in the mineral estate. The easiest method of assuring that the surface owner and the mineral owner minimize potential disputes is to have written surface use agreements in place that eliminate many of the fact-specific issues of what is reasonable use, what constitutes a negligent act, and what is the acceptable custom and usage for the area. In Texas, mineral estate owners usually provide compensation to surface owners in connection with the execution of surface use agreements. Despite this expense, mineral owners frequently find it advantageous to fix their responsibilities and compensation obligations before beginning drilling and development activities.

Surface estate owners necessarily play a significant role in oil and gas extraction from the land, even if they do not have a financial interest in the oil and gas produced from the subsurface of

their land. Surface owners cannot prevent a mineral estate owner from accessing the land since access to the surface is a prerequisite to extracting the mineral owner's property, but by the use of mutually beneficial agreements and the enumeration of responsibilities prior to access, both estate owners can peaceably exercise their respective rights relating to oil and gas extraction.

MATHIS & MATHIS, LLP

BY: *Kendall D. Mathis*
Kendall Mathis