

04 COMPLIANCE



123 Community reports and company self-reporting of incidents were received by DES in FY21



21 Enforcement actions undertaken by DES in FY21



318 petroleum leases were audited in the Surat and Southern Bowen Basins by the Department of Resources



173 Petroleum and gas enquiries and complaints were received by the Department of Resources since FY21

2181 Petroleum and gas enquiries and complaints have been received by the Department of Resources over the last 9 years



1,209 inspections were performed by the petroleum and gas inspectorate

78 Audits were performed by the petroleum and gas inspectorate

REGULATION OF THE PETROLEUM AND GAS INDUSTRY IN QUEENSLAND

The effective regulation of petroleum and gas activities is essential to ensure that landholders, regional communities, and the onshore gas industry can coexist, with both the benefits maximised and risks managed and mitigated. Regulators have a range of compliance and enforcement options to address non-performance across the petroleum and gas industry.

Petroleum and gas activities in Queensland are regulated by a number of Queensland Government agencies, including:

- Department of Resources (Resources) with respect to tenure and land access;
- Resources Safety and Health Queensland (RSHQ) which is an independent statutory body that regulates the safe operation of the resources sector;
- The Department of Environment and Science (DES) which protects and manages the State's environment and natural resources;
- Department of State Development, Infrastructure, Local Government and Planning (DSDILGP).

These regulating agencies manage and monitor risk through a range of assessment, compliance, investigation and enforcement activities.

Department of Environment and Science

DES's compliance strategy is based on a targeted and transparent approach, supported by a strong and contemporary enforcement capability. DES publishes compliance and enforcement-related information via its Environmental Regulatory Update newsletter.²⁶

Compliance Planning

As part of its compliance planning, DES prepares and publishes its [Annual Strategic Compliance Priorities](#). During FY21, one of the strategic focus areas targeted CSG industry activities in relation to storage, management, and treatment of associated water,²⁷ the re-injection of groundwater, [management of salt and brine waste](#), hydraulic fracture stimulation and air quality monitoring.

The outcome of the compliance and enforcement activities for FY21 are detailed in the [Annual Strategic Compliance Priorities 2020-2021 Report](#) and details specific to CSG can be viewed in the [2020-2021 CSG Compliance and Enforcement Report](#).

90 compliance activities

Site inspections

31

Desktop Actions

59

DES issued 21 enforcement actions where non-compliance was identified from these reports and notifications



²⁶ [Department of Environment and Science - Environmental Regulatory Update newsletter](#)

²⁷ See Glossary – 'Associated Water'

In November 2021, DES released its [annual strategic compliance priorities](#) for FY22. The priorities identify three key focus areas that DES's regional compliance staff include in their work program:

1. Waste management and levy compliance;
2. Coal Seam Gas compliance; and
3. Great Barrier Reef compliance.

Figure 24. The Department of Environment and Science's approach to compliance

DES's **approach to ensuring compliance** with its legislation is to:

- educate individuals, industry and governments about the laws and how to comply with them
- encourage voluntary compliance (see Figure 25) with obligations
- monitor compliance
- reward good performers
- respond to breaches of the legislation with consistent and proportionate enforcement action.

REACTIVE

In response to a complaint or incident.

PROACTIVE

Planned activities including set clear expectations, publishing guidance material and supporting information.

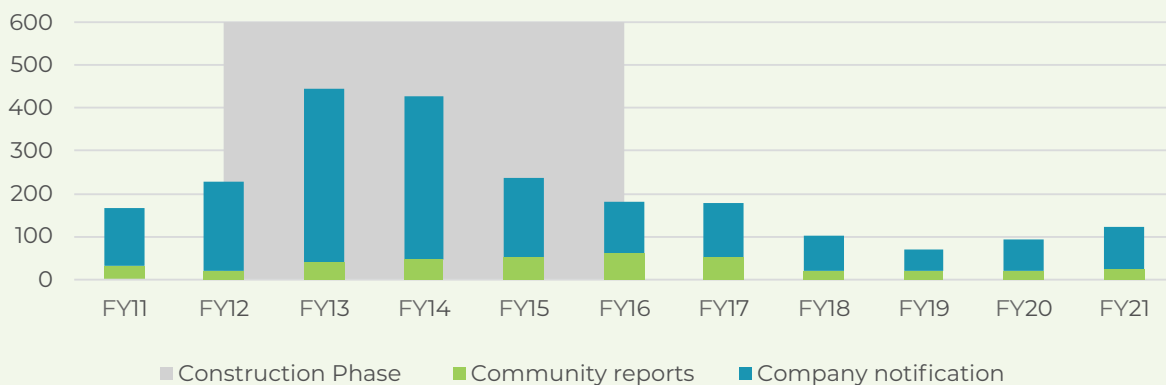
Source: Department of Environment and Science.

It is the responsibility of environmental licence or permit holders to comply with the strong environmental standards and obligations required by law and—where a potential environmental risk has been identified—to have appropriate and effective control measures in place to minimise the potential for environmental harm.



Figure 25. Community reports and resource company notification

Illustrates the number of community reports and resource company self-reporting received since FY11. The reports from resource companies and landholders illustrate a correlation with construction activity for major infrastructure such as pipelines (collection headers, laterals and export), gas processing and water treatment facilities, water storages and construction camps. Many community reports and notifications during the construction or rehabilitation stages involve the disturbance of environmentally sensitive areas, watercourse crossings, and failures in erosion and sediment control measures. These types of reports are occurring less frequently now that the peak construction phase has passed.



Source: Department of Environment and Science.

Drilling of wells and completion activities may result in community reports about noise or light intrusion (environmental nuisance). However, these activities are often subject of a CCA or alternative arrangements between the Environmental Authority (EA) holder and landholders.

Following completion of construction work for major infrastructure items, reports are more likely to relate to associated water released from failed water pipeline valves, vents and well head separators and seals. As resource companies have identified items at higher risk of failure, strategies have been applied to replace those items or implement improved servicing and maintenance procedures to minimise this risk.

Enforcement Measures

Enforcement measures can range from education activities, working with resource companies to rectify potential non-compliance matters and issuing warnings, through to prosecution (details can be found in the [DES Enforcement Guidelines](#)).

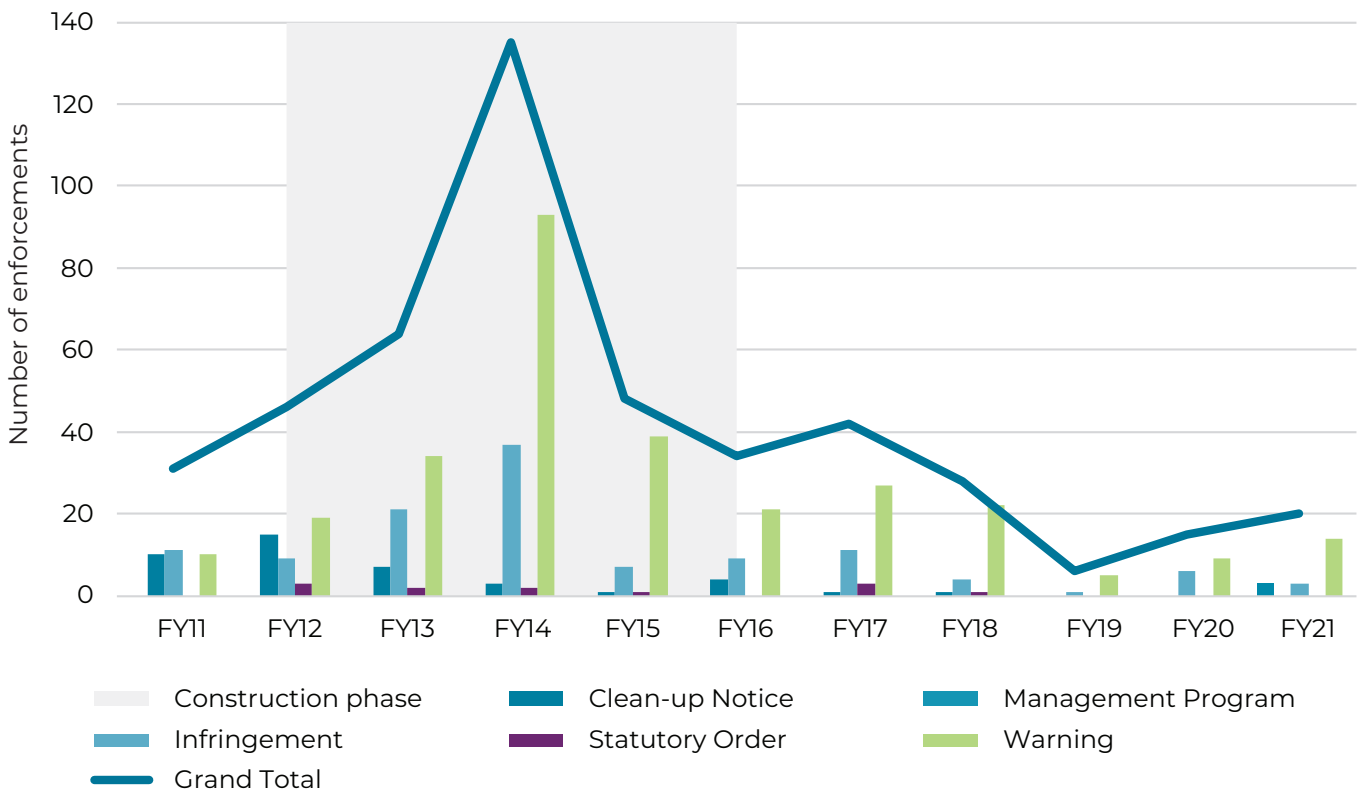
These measures can be used individually or in combination, depending on the nature of the infringement[s] and the outcome sought.

DES has set clear expectations about acceptable standards of environmental performance and can prosecute individuals and/or resource companies who breach their obligations to protect the environment and natural resources when it is in the public interest to do so.

A selection of DES's enforcement actions are summarised in [prosecution bulletins](#) outlining the facts and outcomes of finalised prosecutions. Recently there has been [one](#) prosecution in relation to CSG.

Since 2012, there have been two published prosecution bulletins relating to CSG ([January 2015](#), [September 2018](#)), both relating to offences of contravening a condition of the resource companies' EA. This emphasises the importance of EA holders needing to abide by the appropriate environmental obligations.

Figure 26. Enforcement measures taken by Department of Environment and Science since FY11



The highest frequency of enforcement measures being applied coincides with the peak of industry construction activity (Figure 26), and correspondingly the peak of incident reporting during FY13 (Figure 25). The overall decline in both reports/notifications and enforcements can be attributed to the progression from construction to the commissioning and start-up phase for the CSG upstream facilities of the major LNG export consortiums to the operational phase.

Each of these project teams have identified changes in their activities, from managing many contracts and contractors/employees in the construction phase, to fewer contractors/employees during the operational phase. These changes have coincided with closures of work camps, lay-down areas, and other associated field services. Gas and associated water produced by new wells is now typically processed in existing facilities.

Statutory notices, directions and penalties are usually applied to higher environmental impact, higher culpability, unresolved and more complex or wide-spread issues which, in turn, have become less common as defects from new infrastructure are addressed.



COMPLIANCE – DEPARTMENT OF RESOURCES

Resources administers a range of legislation that forms part of the regulatory framework that manages the use of—and access to—Queensland’s mineral and energy resources. These regulatory frameworks are in place to ensure the laws are complied with.

Resources [compliance framework](#) (the framework) sets out Resources approach to compliance and guides how compliance is delivered consistently and professionally, whilst establishing the principles of how regulatory functions are undertaken. The framework is supported by a [compliance strategy](#), policies, procedures and guidelines.

Each year, Resources takes a risk-based approach to develop a compliance plan to focus efforts ([Department of Resources compliance plan 2021-22](#)), so that the highest priorities and areas of greatest risk are addressed and responses to non-compliance are targeted and proportionate.

Resources has previously released an annual Regulatory Compliance Plan (FY20 and FY21) and associated Report²⁸ that outlines the key compliance achievements over the preceding financial year. In FY21, the plan and report were combined and publicly released as the Department of Resources - Compliance plan report 2020-21. Compliance outcomes for these plans are shown in the **Compliance Outcomes Table**.

The focus and targeted compliance activities for FY22²⁹

Target for Petroleum and Gas:

Audit performance of all petroleum production leases in the Surat and southern Bowen basins using the Petroleum Lease Compliance framework.

Activities include:

- undertaking proactive desktop audits including audits of production reporting for petroleum leases;
- undertaking proactive field inspections;
- providing reactive, targeted responses to incoming complaints and intelligence from external sources; and
- undertaking performance audits for petroleum and gas production leases.



²⁸ [Department of Resources – Compliance plan report 2020-21](#)

²⁹ [Department of Resources – Compliance plan 2021-22](#)

Table 14. Compliance outcomes over FY20 and FY21

Action	FY20	FY21
<p>Enhance compliance with permit conditions on existing tenures</p> <ul style="list-style-type: none"> Proactive desktop audits including audits of production reporting for petroleum leases Proactive field inspections Reactive, targeted responses to incoming complaints and intelligence from external sources Performance audits for petroleum and gas production leases. 	<ul style="list-style-type: none"> All petroleum production leases in the Surat Basin and southern Bowen Basin were audited equating to 311 performance reviews of production leases. The production leases produce over 90% of the state's gas. As part of the performance reviews, 10 potential compliance matters were identified for further analysis: <ul style="list-style-type: none"> Seven of these potential non-compliances related to low or no production and/or development, which can reflect an ineffective use of the tenure and resulting loss of benefits to Queenslanders. The department investigated these potential non-compliance matters and sought further information from the holders. As a result, the department was able to establish that these holders were in substantial compliance with their tenure conditions and no further action was required. 	<p>Of the 318 production leases audited across Queensland:</p> <ul style="list-style-type: none"> 41 audits (12%) required further investigation. 19 audits (6%) identified potential non-compliance due to issues relating to no production activities carried out as proposed. 4 information notices were issued to address non-compliance.
<p>Improving land access systems and operations of junior resource companies</p> <ul style="list-style-type: none"> Review land access systems and protocols and provide best practice advice to targeted small and junior exploration companies. Reactive, targeted responses to incoming complaints and intelligence from external sources about land access. 	<ul style="list-style-type: none"> Five audit processes progressed (performance measure of five). The audits allowed us to review the procedures and documentation that the small and junior exploration companies have in place and provide feedback to improve their systems, processes and land access practices. 	<ul style="list-style-type: none"> As part of Phase 1 of the Small/Junior petroleum explorers' program, three junior petroleum and gas explorer audits were completed. No non-compliance breaches were identified.



Reactive Compliance: Enquiries and Complaints

The Engagement and Compliance Unit (ECU), a business unit of Resources, deals directly with enquiries and complaints made about mineral and energy resource activities in Queensland, including petroleum and gas activities. A total of 2,181 petroleum and gas enquiries and complaints were received by ECU over the last nine years.

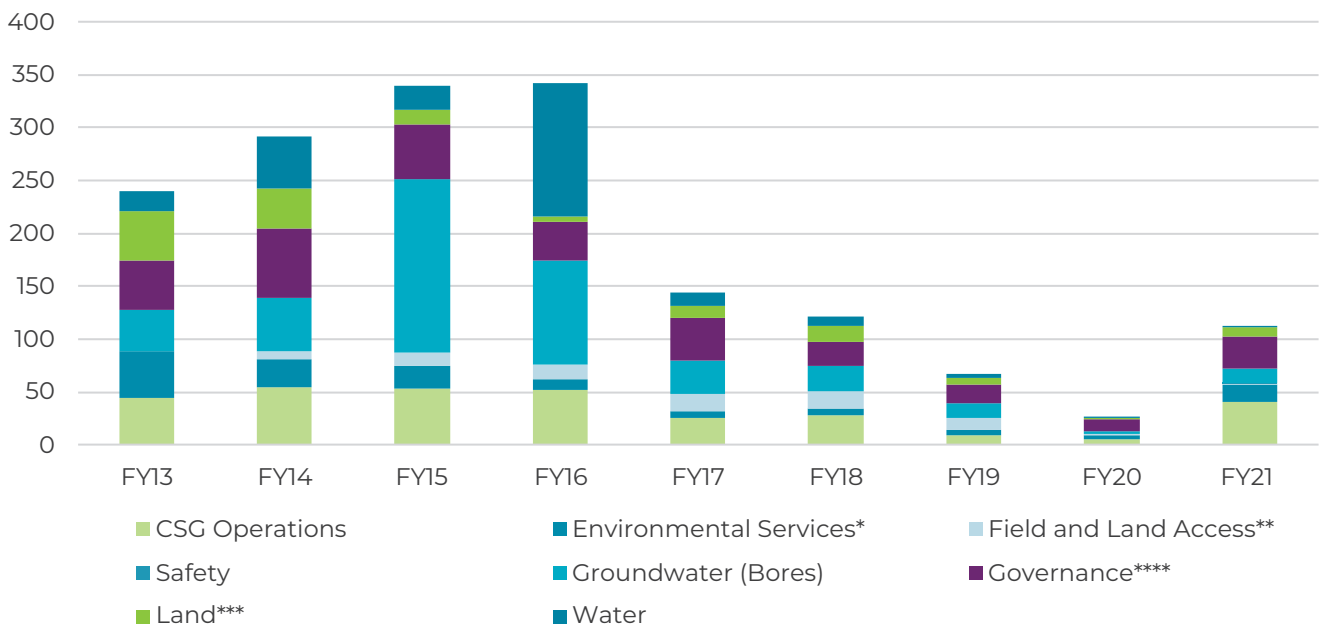
The following is a summary of data related to petroleum and gas enquiries and complaints reported and managed by the ECU.

Table 15. Enquiries and complaints over FY20 and FY21

FY20
<p>Since FY19, the ECU has received 122 petroleum and gas enquiries and complaints.</p> <ul style="list-style-type: none"> ■ The most common subjects of enquiries relate to groundwater impacts, community engagement and communication. ■ The most common subjects of complaints were related to land access agreements, environmental nuisance, land access and safety. ■ There was a total of 28 petroleum and gas complaints received by ECU during FY19 and FY20: <ul style="list-style-type: none"> □ 21 complaints resulted in no compliance/enforcement action following the provision of further evidence and were concluded with advice to the complainant; □ ECU facilitated three formal dispute resolution conferences between the complainant and the resource authority holder to address concerns raised; and □ four complaints were referred to other Queensland Government agencies. ■ As of 30 June 2020, all outstanding enquiries and complaints had been resolved.
<p>Since FY13, the ECU has recorded a decline in petroleum and gas-related enquiries and complaints resulting from several inter-related factors.</p> <p>During this time, the CSG industry has transitioned from the construction to the operational phase; and concurrently, a maturing of industry practices and supporting regulatory framework has resulted in improved standards and fewer complaints.</p> <p>From FY15 to FY20, the ECU has recorded a steady decline in enquiries and complaints related to petroleum and gas, whilst also noting a shift away from high frequency/low complexity enquiries and complaints to those that are generally more complex in nature and require multi-agency input and liaison.</p>
FY21
<p>In FY21, the ECU received 172 petroleum and gas enquiries and complaints, bringing the total petroleum and gas enquiries and complaints received by ECU over the last nine years to 2,181.</p> <p>The most common subjects stemming from enquiries over the last two financial years were governance and CSG operations. The most common subjects in complaints were related to CSG operations and land.</p> <p>As of 30 June 2021, there were six active enquiries and complaints, which were received in FY21 and being dealt with in the relevant timeframes attached to their priority and complexity.</p> <p>The increase in enquiry and complaint activity in FY21 is directly linked to the increase of deviated drilling occurring in the Surat Basin³⁰ as part of production leases. To provide further clarification for tenure holders and landholders regarding rights and responsibilities, Resources published a factsheet in August 2021; Considerations when accessing private land to carry out directional drilling on adjacent land. The factsheet sets out the regulatory framework for resource authority holders to access private land to carry out directional drilling activities on adjacent land and landholder rights that apply in that scenario.</p>

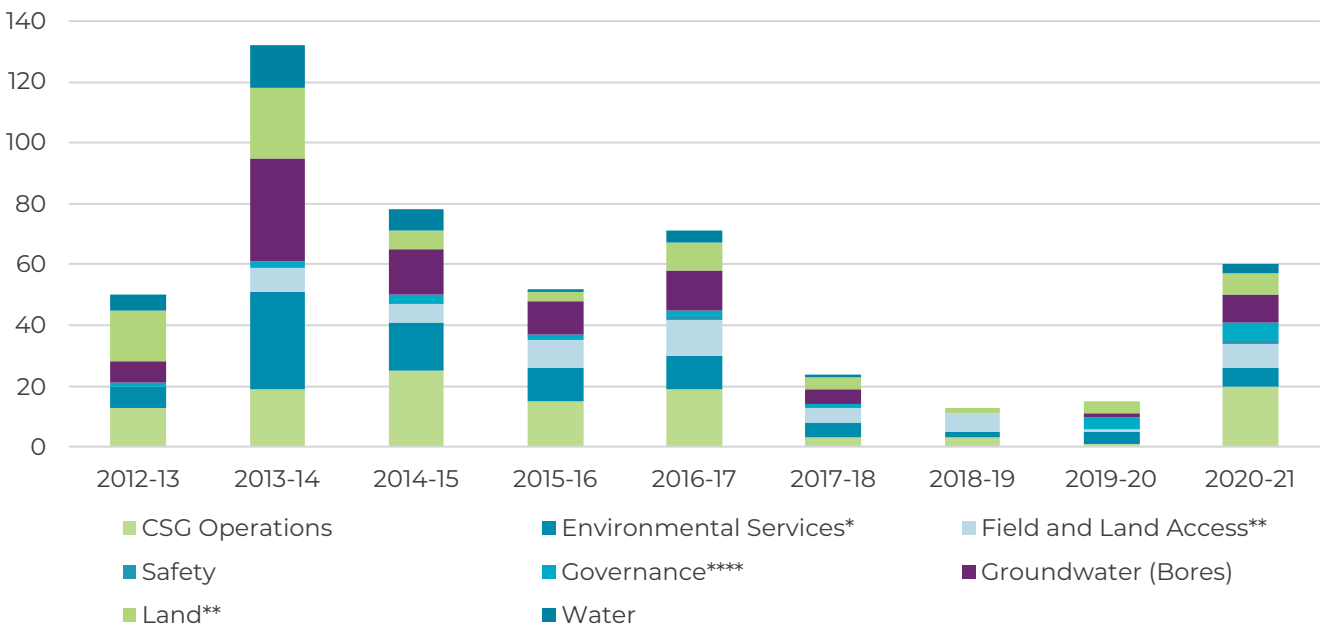
³⁰ [Department of Resources 'Directional Drilling' fact sheet](#)

Figure 27. Enquiries received by Georesources' Engagement and Compliance Unit



Source: Department of Resources

Figure 28. Complaints received by Georesources' Engagement and Compliance Unit



Source: Department of Resources

* Environmental Services: referrals to Department of Environment and Science

** Field and Land Access: includes property entry and access issues and the land access code

*** Land: includes cultural heritage, erosion and vegetation clearing

**** Governance: includes, but is not limited to, matters concerning legislation, regulatory framework, government initiatives, public reports and communications.

It should be noted the department managed water during the period of reporting as the Department of Natural Resources, Mines and Energy. Following machinery of government changes in late 2020, water is now managed by the Department of Regional Development, Manufacturing and Water.

Alternative Avenues for CSG-related Enquiry and Complaints

Stakeholder awareness and understanding of the petroleum and gas industry has also matured, with communities and industry becoming better informed through the effective delivery of engagement and compliance initiatives by the ECU, other government agencies, private organisations, and the gas industry itself.

As a result, information is now more readily available and stakeholders are better informed, consulted and supported regarding petroleum and gas activities. Additionally, industry and community now have better access to alternative dispute resolution and enquiry services through the Commission and the Officer of the Land Access Ombudsman (LAO).

COMPLIANCE – PETROLEUM AND GAS INSPECTORATE

The Petroleum and Gas Inspectorate (the Inspectorate) is part of RSHQ, an independent statutory authority established on 17 March 2020. It has adopted a risk-based approach to regulate workplace health and safety across the resources sector, including the petroleum and gas industry. RSHQ carries out a compliance assurance program each year that may cover all aspects of safety and health in upstream operations. The Inspectorate uses its analysis of risks to inform its compliance plan and to identify specific focus areas. It also publishes newsletters, annual reports, and other important updates. The Inspectorate engages with industry and stakeholders to educate them on its findings, and to promote better industry practices.

The Inspectorate publishes newsletters, annual reports, and other important updates about the sector in Queensland. The Inspectorate also publishes [safety alerts, instructions and bulletins](#) to raise awareness in the industry.

RSHQ publishes [quarterly compliance data](#) online on the number of audits, inspections and complaint investigations that have been conducted across the petroleum, explosives, mining and quarrying sectors.

Table 16. Petroleum and Gas Compliance Data

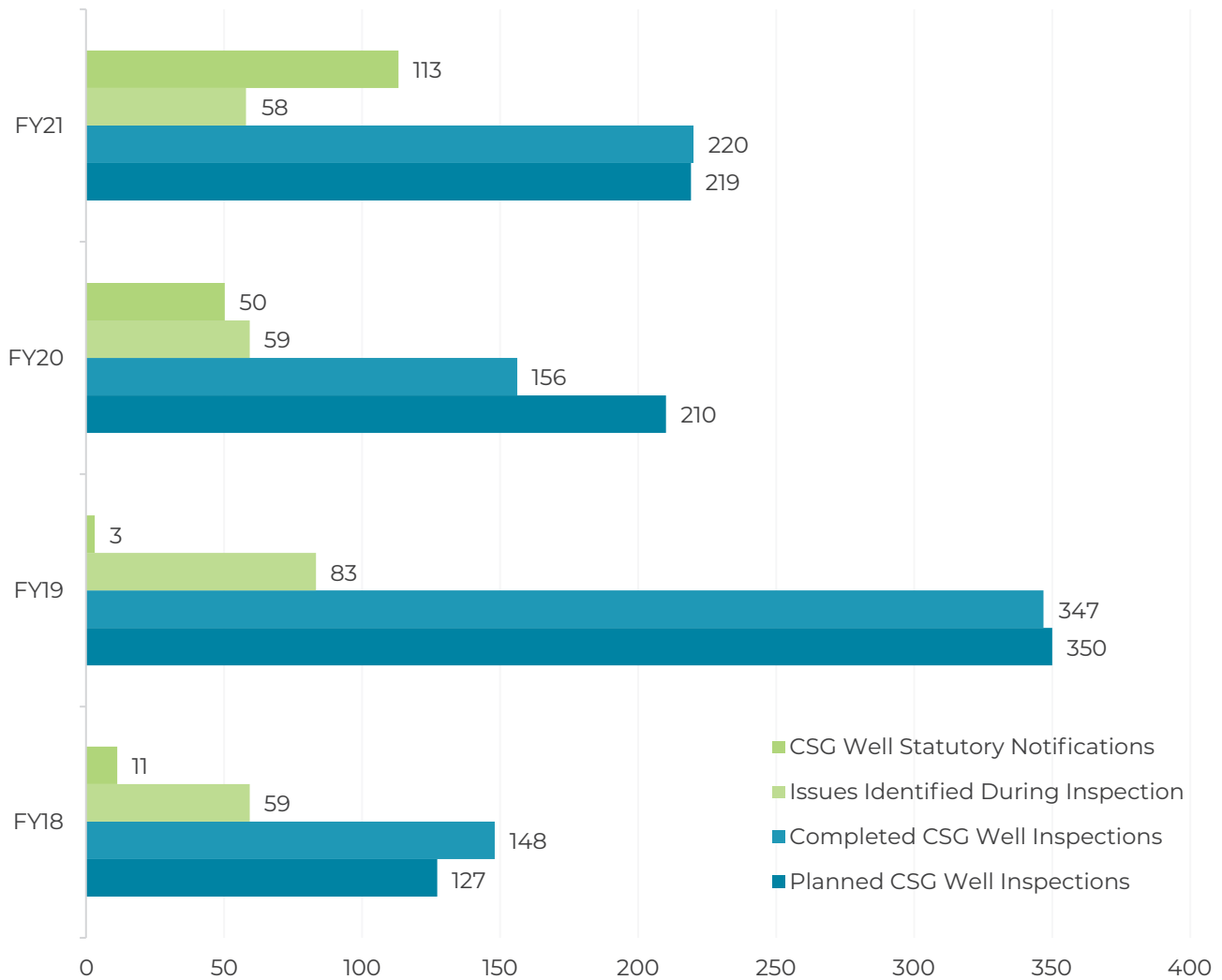
Financial Year	Inspection (plan)	Inspection (actual)	Audit (plan)	Audit (actual)	Compliant Investigations*
FY20	1,079	1,145	67	58*	219
FY21	1,200	1,209	75	78	207

* Impacted by COVID-19 and rescheduled in FY21

During FY21 period, 20 of the 78 audits were conducted as part of the petroleum well regulation. The focus of these audits was grouped into the following high-risk areas; Leak management (8 audits), abandonment (8 audits), hydraulic fracturing (3 audits) and well integrity management systems (1 audit).

CSG WELL SPECIFIC COMPLIANCE DATA

Figure 29. Overview of CSG well compliance under the construction and abandonment code of practice through FY18, FY19, FY20 and FY21



Source: Resources Safety and Health Queensland.

Figure 29 does not include “Other” wells (i.e. conventional and non-CSG unconventional)



Number of CSG Well Statutory Notifications

During FY21, there were 37 notifications for failure to meet cementing objectives and 76 well integrity notifications which are a new requirement in the latest version of the construction and abandonment code of practice.

During FY20, there were 31 notifications for failure to meet cementing objectives and 19 well integrity notifications which are a new requirement in the latest version of the construction and abandonment code of practice. Some of the increase is due to operators proactively re-interpreting and re-reviewing cement bond logs and some of the well integrity notifications are for issues that occurred before the requirement came in but operators decided to report anyway.

As per the Brady Review (Brady 2019), RSHQ and the Inspectorate encourage open reporting and wish to facilitate a reporting culture to help control hazards and reduce risks. Incident reporting, especially for high potential incidents, can help ensure early warning signals of impending incidents are captured and disseminated to industry. Additionally, it will provide the best opportunity to identify hazards before they cause harm and ensure they are effectively controlled (Brady 2019). An increase in the number of well-related notifications is not seen as an issue in itself but as a positive that industry is identifying and reporting incidents.

The main cause of the change was due to increases in the well integrity notifications and reportable leaks, with contributing factors being:

- the increasing number of operating wells;
- improvement in operators' systems which has resulted in the capture and reporting of more well integrity matters; and
- one operator has had ongoing issues with well skid components, which led to a significant number of reportable leaks. The investigation and rectification of this issue is ongoing.

Number of CSG Well Completed Inspections

During FY21, issues ranged from areas for improvement around general housekeeping and signage through to leaks on 12 of the 220 CSG wells inspected, the requirement for additional monitoring under the operator's well integrity and leak management systems,³¹ and remediation to rectify non-compliant equipment on a very small number of wells.

During FY20, issues ranged from areas for improvement around general housekeeping and signage, through to some leaks and the requirement for additional monitoring under the operator's well integrity management system.

Outcomes

All non-compliance issues were either resolved or an action plan is being implemented and the Inspectorate is being updated on the progress.

The Inspectorate undertook enforcement actions in line with the Resource Safety and Health Compliance Policy. Issues were communicated to operators along with requests for them to rectify the identified non-compliances.

Non-compliances have since been closed out by the Inspectorate.

In addition, some areas will have follow-up work in the next 12-24 months

³¹ See Notifications – Leak management

Notifications – Leak Management

Leak management notifications are not part of the well integrity or failure to meet cementing objective notifications. There are three relevant well notifications that operators are required to make:

1. a well integrity notification which is required under the construction and abandonment code;
2. failure to meet cementing objectives which is required under the construction and abandonment code; and
3. leak notifications which are required under the leak management code.

Leak notifications under the leak management code³² are also required for other operating plants such as gathering systems and facilities in addition to wells. For more information, please read [Leakage management for petroleum producers](#).

Inspections – Hazardous Areas

The Inspectorate, in conjunction with SIMTARS, has completed hazardous area inspections. The inspections occurred in the Surat Basin on petroleum tenures with the work focusing on different operating plants, including wells and facilities.

The inspections reviewed hazardous area dossiers and visual inspections of electrical equipment to ensure it was consistent with the operator's documentation. The inspections found equipment was well maintained with some minor updates required to a dossier and an ex-equipment register.

LAND ACCESS OMBUDSMAN

The Land Access Ombudsman (LAO) opened in September 2018 with specific functions to investigate alleged breaches of Conduct and Compensation Agreements (CCAs), Make Good Agreements (MGAs) and make practical recommendations to resolve disputes.

Their jurisdiction is summarised below:

✓ Matters the LAO can investigate

Investigate matters referred to the LAO when the party:

- has an existing CCA or MGA;
- reasonably believes the other party is not complying with their obligations under the agreement; and
- has already made a reasonable attempt to resolve the issue.

✗ Matters the LAO cannot investigate

The LAO cannot investigate:

- when the CCA or MGA is still under negotiation, or subject to a minimum negotiation period or cooling off period;
- the content of legislation or government policies;
- a decision made by Cabinet, a Minister, or a chief executive of a government department;
- a matter that is, or has been, the subject of a court proceeding or an arbitration;
- a matter that is, or has been, the subject of an investigation by a department;
- compensation agreements for mining leases and mining claims under the Mineral Resources Act 1989;
- access agreements; and
- matters outside Queensland.

The LAO's annual reports³³ provide further insight into their operations, performance and achievements for each financial year.

³² [Petroleum and Gas Inspectorate – Code of Practice - For leak detection, management & reporting for petroleum operating plant](#)

³³ Office of the Land Access Ombudsman – Annual reports

The below 'LAO Enquiries Received' Table highlights the number of enquiries related to **all resource activities** (petroleum and gas related activities are shown in **brackets**), that were received by the LAO since operation commenced on 14 September 2018, up to the end of FY21.

Table 17. LAO Enquiries Received

	FY19 (commencing 14 Sep 2018)	FY20	FY21	Total to FY21
Enquiries Received	17	23	47	87
Investigated	2(2)		1(1)	
Referred to relevant agency	13	19	36	
Preliminary enquiries conducted			5(5)	
Non-dispute related enquiries			2	
Others	2	4	3	

In FY21, 3 of the enquiries about a possible dispute referral received concerned petroleum and gas related activities. Of these, 1 was investigated and 2 had preliminary enquiries conducted.

Themes of Enquiries Received by the LAO

FY19

During FY19, investigated dispute topics included:

- biosecurity concerns (mainly weed and washdown compliance);
- outstanding rehabilitation or rectification works;
- rubbish and used materials left on property without the landholder's consent; and
- gate and access conditions.

FY20³⁴

During FY20, themes in dispute that were out of LAO's jurisdiction included:

- being related to resource industry activity on rural land, but there being no CCA or MGA in place;
- disputes over use/ownership of easements and bodies of water; and
- complaints about telecommunications workers accessing private land.

FY21³⁵

During FY21, investigated disputes included:

- transfer of a petroleum licence, concerns about biosecurity and public liability insurance.

Themes in dispute that were out of LAO's jurisdiction included:

- disputes over ownership, land value or access to land;
- compensation agreement for mining leases and claims under the [Mineral Resources Act 1989](#);
- dissatisfaction with a decision made by a government department (Resources or DES);
- disputes about issues on a neighbouring property;
- complaints about telecommunication services on properties;
- assistance with the negotiation of a CCA or MGA;
- negotiation of an access agreement for a windfarm;
- breaches of EAs;
- resource activities on neighbouring properties;
- disputes between owners of a mining lease;
- disputes over use or ownership of easements;
- disputes regarding a Deferral Notice;
- local council complaint;
- seeking assistance in finding out who owned land; and
- seeking payment for costs incurred when CCA negotiation was not completed.

³⁴ See 'LAO Enquiries Received' Table – FY20

³⁵ See 'LAO Enquiries Received' Table – FY21