

14 May 2014

Mr Barry Broe  
Coordinator-General  
Office of the Coordinator-General  
Department of State Development, Infrastructure and Planning  
PO Box 15517  
City East QLD 4002

Dear Mr Broe

## Application for Change Request

I refer to your letter dated 31 May 2013, and meeting on 23 April 2014, about providing an opportunity for Santos GLNG to review the Coordinator-General Evaluation Report conditions for the Gladstone Liquefied Natural Gas (GLNG) project.

Santos GLNG recognises the importance of mitigating project impacts and is proud of its achievements in delivering positive social and environmental outcomes for the communities in which we operate. After conducting an internal review of our existing imposed conditions and discussions with officers from your department on how one of the current lapsing provisions may be amended, we would like to initiate a change request process.

The Coordinator-General Evaluation Report for the GLNG project includes a lapsing provision for the construction of the third liquefied natural gas (LNG) train that is part of the Santos GLNG 10 mtpa project. As currently drafted, the condition provides that Santos GLNG may construct a third train if it advises the Coordinator-General that it intends to construct a third Liquefied Natural Gas (LNG) train within four years of the Coordinator-General Evaluation Report (28 May 2014), and then substantial commencement of the third LNG train occurs within six years of the Coordinator-General's Report (28 May 2016).

Santos GLNG is unable to commit to construct a third LNG train at this time, however, Santos GLNG requests an extension of two years to the lapsing provision to preserve the ability for Santos GLNG to construct a third LNG train in the near future, subject to market conditions. Details about the requested change are contained in **Attachment 1**.

To support your consideration of this request, Santos GLNG reiterates its absolute commitment to deliver the Gladstone LNG project, which recently passed the 80% completion milestone on the two-train project. This foundation investment in a 420 km gas transmission pipeline, two LNG trains with a capacity of 7.8 mtpa and up to 2650 wells in the upstream, provides the opportunity for a future incremental investment in a third LNG train.

The Coordinator-General's favourable consideration of an extension to develop the third LNG train will enable Santos GLNG, subject to market conditions, to invest an additional \$3 billion to \$4 billion in Queensland, generate thousands of additional jobs, boost LNG exports and contribute tens of millions of dollars of royalties to the Queensland Government.

The global outlook for LNG is buoyant as Asia searches for affordable, secure, cleaner fuel sources to meet a surging demand for energy. LNG from the first two trains of the Santos GLNG project has been sold to PETRONAS and KOGAS.

Given the administrative nature of the proposed amendment, and our ongoing commitment to continue to deliver world-class LNG infrastructure, Santos GLNG requests your consideration that change report fees be waived on this occasion.

If you or your officers require any further information to inform your consideration of this issue, please contact Mr Brad Burke, General Manager, Public Affairs, on 3838 5747 or [brad.burke@santos.com](mailto:brad.burke@santos.com).

Yours sincerely



**Rod Duke**  
Vice President, Santos GLNG Downstream

## Attachment 1

### Current Condition

#### LNG Plant – Condition 8 Appendix 4 Part 2 Condition 8

- a) Substantial commencement of gas field, pipeline and LNG facility construction must occur within 4 years of the date of this Coordinator-General report, otherwise this report will expire, but may be extended by the proponent in accordance with clause (b).
- b) If, prior to expiry of the standard 4 year period of currency of the Coordinator-General report, construction of Trains 1 and 2 has substantially commenced, and the proponent has decided to proceed with substantial commencement of Third Train construction within the following 2 year period, the proponent may apply to the Coordinator-General to extend the Coordinator-General report for the further 2 year period if satisfactory contemporary social and logistics planning documents are provided to the Coordinator-General.
- c) If a decision is made to construct the Third Train, but the Third Train is not substantially commenced within a 6 year period, the Coordinator-General Report lapses and a new declaration and environmental assessment will be required, whether or not the Coordinator-General has extended the currency of the Coordinator-General report.

### Requested Change

#### LNG Plant – Condition 8 Appendix 4 Part 2 Condition 8

- a) Substantial commencement of gas field, pipeline and LNG facility construction must occur within 4 years of the date of this Coordinator-General report, otherwise this report will expire, but may be extended by the proponent in accordance with clause (b).
- b) If, within 4 years of the date of this Coordinator-General report, construction of Trains 1 and 2 has substantially commenced, and the proponent has not yet made a decision whether to proceed with Third Train construction, this Coordinator-General report is extended by a further 2 year period ("**extension period**") (such that it will lapse 6 years from the date of this Coordinator-General Report, unless it is further extended in accordance with clause (c)). Within the extension period, the proponent may give notice to the Coordinator-General that it has decided to proceed with Third Train construction, in which case this Coordinator-General report is extended for a further 10 year period from the date of giving that notice to the Coordinator-General.
- c) If a decision is made to construct the Third Train, but the Third Train is not substantially commenced within a 10 year period, the Coordinator-General Report lapses and a new declaration and environmental assessment will be required, whether or not the Coordinator-General has extended the currency of the Coordinator-General report.