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**From:** [REDACTED]  
**Sent:** Friday, 10 July 2015 4:47 PM  
**To:** EPC  
**Subject:** Submission to the Environment & Planning Committee Inquiry into Unconventional Gas in Victoria

My partner owns land near Seaspray so the future of unconventional gas exploration and production in the area is personal to me.

I have two main concerns.

1. This industry is only viable at high oil/gas prices - what happens to the wells when the market price falls below the cost of production?
2. How can we be sure that claims made about the size of the resource are realistic?

Unconventional gas, (tight gas in the case of Seaspray) is called unconventional because it is only viable when energy (oil) prices are high enough to justify expensive, unconventional, tertiary extraction techniques such as hydro fracking and horizontal drilling.

The U.S. experience is now showing that, because of these high exploration and production costs, operators abandon wells en masse when oil and gas prices fall. Costs rise and debt escalates. Who manages the ongoing integrity of abandoned well bores into the future?

Many reports show that most E & P companies have been bleeding cash since the beginning of their operations. Most companies have only been able to continue drilling operations because of new investment money flooding into the market through the Federal reserve Quantitative easing (QE) initiative.

Absent an Australian version of QE allowing billions of freshly printed investor dollars to flow into oil and gas related shares, the industry would need some other form of Government assistance. There are serious questions about whether any government would have a mandate to spend public money on what is proving to be a marginal energy resource, both in financial and energy terms.

The other factor driving the U.S. industry is hyperbolic claims made about the size of the resource. For example, in May 2014 the U.S. Energy Information Administration cut by 96% its estimate of technically recoverable resources in the massive California formation.

The Monterey play represented 64% of economically recoverable gas. It disappeared overnight when claims made by an industry funded study were shown to be fraudulent. This one play represented the bulk of the U.S. hydro-fracking energy and manufacturing revolution investors were counting on.

We need to be sure that our farmlands and forests are not subject to this kind of massive mis-allocation of financial and physical resources, exposing communities to years of environmental risk and uncertainty for very little energy or financial return.

Claims about resource size made by the gas industry and Geoscience Australia need to be heavily scrutinised before public money is committed to support this industry. This is especially important, given the current low oil price, projected uncertainties about future demand growth and the rise of renewable energy.

Phil Baulch

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