**Oil and gas production in the Horizons region**

**Rachel Keedwell 9 August 2014**

I attended a tour of the oil and gas production areas in South Taranaki on 28th June and what I saw has left me with grave concerns that Horizons is seriously unprepared for the expansion of this industry in terms of ensuring that our communities are adequately protected. The Parliamentary Commissioner for the Environment recently concluded that the regulatory framework for oil and gas production in New Zealand is not adequate and that regulators may be left ‘scrambling to catch up’ if the industry continues to expand. From what I saw of the industry and the impact on communities, I believe her conclusions are accurate. We need to get onto this as an urgent priority if we want to have a chance of living up to our vision statement of making this region a great place to live, work and play.

We currently have good relationships with our communities and I don’t think we will serve our communities well if we follow the model used by Taranaki, which the PCE has described as ‘extraordinarily permissive.’ If we are going to permit oil and gas production in our region, then we must ensure we put in place the best regulatory framework possible and we must assess whether our framework adequately protects our communities. This is necessary to allow our region to have some control as to where and how this industry operates.

I also spoke with a number of Taranaki councillors, both regional and district, at the recent Local Government conference, and the key message that came through from them was to make sure that we take our communities with us – something that I don’t think they have done effectively.

To start this process, I have identified some key concerns that were apparent on the Taranaki tour. These are designed as starting points for discussion. Some of the items are not under Horizons’ direct control, but given that Horizons will be one of the key regulators of this activity, these are aspects that we need to consider and that our communities will expect us to have considered.

We have also been invited as a council to attend this same tour, which I believe is essential if we are to make informed decisions around the regulation of this industry.

***Key issues observed:***

**Very little control over where wells are located, eg., no minimum distances from houses or schools**

There are drill sites that are located less than 300m from houses. One school near a drill site has to have its water monitored because its water supply is very close to the area that is being explored. There is also currently another school of 140 children which is less than 600m from a potential well site of 8 wells and production facilities and they are not considered ‘affected’ by the territorial authorities. The school however draws its water downstream from where discharge consents have been granted. It appears the oil companies have free range as to where they want to site their operations, rather than any minimum distances being set out to prevent them operating too close to communities.

**No prior monitoring of water quality**

No baseline monitoring of water quality has been carried out prior to exploratory drilling work. This makes it impossible to assess whether the activity has any impact on surrounding water bodies.

**Very little ongoing monitoring of water quality**

Locals described the difficulty they had in getting water quality monitoring data from waterways near their properties. The regional council in many cases had ceased monitoring because the initial results were fine and did not consider that ongoing monitoring for the duration of the operation was necessary. Most of the monitoring that was undertaken was ‘visual’ only and not adequate for the requirements of the local communities.

**Consents are not bundled and the application not jointly considered at the outset with the two councils**

The overall impact of the activity on locals is not fully apparent if it is broken into different hearings, and as a result the mitigation packages may not be adequate. This also makes it more difficult and time consuming for the applicants, the councils and the affected individuals to have to give evidence to and attend a range of different hearings. The PCE’s report emphasises good practice is bundling the consents and councils working together at the outset.

**Responsibility of abandoned wells falls on landholder and communities**

Once an oil company has made its money and moves on, there is no provision for monitoring of the abandoned wells and no provision for funding any sort of clean-up operation should the well fail. Worldwide experience shows that a small percentage of wells do fail, and the current operating model will put both the impact and costs of potential failure fully onto the community.

**Who is deemed an affected party is not clearly specified**

It appears that who is deemed an affected party under the RMA is not clear and is changing. The radius around the operation that was used to determine who is affected appears to have decreased through time, so that only the landowner and the very closest neighbours (dwelling 300m from the flare pit) are considered affected and are then given a say in the process. The use of one prescribed and realistic measure of who is affected by a drilling operation would have given communities are stronger voice and more certainty about who will be consulted.

**Disjoint between who is considered affected via RMA and via High Hazards Unit plan**

The drilling or production sites must submit a safety plan to the HHU. Neighbours who were not considered affected parties under the RMA found out their names and contact details were contained on emergency evacuation plans yet they had never been contacted about this or informed about what the emergency plans were. There was community concern about this disjoint between government agencies in assessing who was affected, and also the lack of transparency about what would be expected in an emergency. The community view was that if the AEE and hazard management plan were requested as part of the consent process, then decisions about who is affected and whether the consent should be notified or even granted would likely change.

The High Hazard Unit views these oil and gas well sites as major hazardous facilities.

**No clear communication with the community, particular with regard to the big picture and individual rights**

This was a really big issue that came up many times. The oil companies and councils did not communicate with the communities about what oil exploration and production would look like in their area, nor what their rights were as individuals or as a community. Instead, residents were picked off individually and pressured to sign documents that were not fully explained. The oil companies would provide a written approval form with limited information; the Assessment of Environmental Effects (AEE) was not often available or explained; and all the 3 district councils have different notification processes. There was very little transparency, no informed consent and clearly a concerted effort by the oil companies to ensure residents did not talk together about what was going on.

A typical example of the methods employed: one farmer’s first contact with the oil company was when a company rep knocked on his door on the night of Christmas Eve after a long day on the farm and asked him to sign a two page document. He was told this was to give consent to a drill site that was to be established on his neighbour’s property. Relieved that it was not his property and with lots of family arriving for Christmas, he signed it with little thought. This document actually meant he had consented to give away his right to be considered an affected party for this operation on his neighbour’s property, and that this right was waived for the next 30 years or for the lifetime of the operation.

**Non-disclosure agreements**

Many residents were asked to sign non-disclosure agreements, particularly if the well site was on their land. This has meant that these people are not able to discuss the issues that are occurring on their land with any other community members or to help other landowners understand potential impacts before deciding whether to allow exploration or production on their land.

**Difficulties in obtaining consent documents**

Local residents do not have easy access to the paperwork surrounding each of the consent processes. In comparison, Gisborne District Council makes all the documents associated with oil and gas consents freely available on their website.

**Impacts on property values**

There was a lot of concern about impacts on property values, particularly of the lifestyle blocks that were now neighbouring well sites on adjacent farms. Some residents who wanted to move found they could not sell their properties for the value they bought them for, and the oil companies would not buy them out to allow them to move on.

**Landowner consents are not lodged on LIM reports**

There appeared to be an issue with what information was being lodged (or not lodged) on LIM reports. I was told the waiver that a property owner signed was binding on the next property owner. This information was not lodged on the LIM report and therefore if the property was sold, the new owner could unknowingly end up with no rights if the vendor or agent did not disclose. It appears it is not an expectation by Taranaki councils to record on a LIM a property has been an affected party to granted oil and gas resource consents; or has oil and gas resource consents over it; or is in a permit area for oil and gas exploration and production.

**Waste waters being discharged to waterways**

TRC is still issuing consents for the waste water from exploration and production activities to be discharged to waterways. The water has to be treated to a standard, however there is little scientific testing (only visual) by TRC to ensure this occurs. The concerns from locals are that in the cases of a number of towns, for example Hawera and Inglewood, the waste water can be discharged into waterways *upstream* of where the towns draw their water supply. The waste waters still contain contaminants which will be entering the water supply of the towns further downstream.

**Employment opportunities are low**

The creation of jobs by the expansion of the oil industry is not as high as predicted, according to many locals. I was shown an example of one of the production stations that provided 200 or so jobs for 3-4 months while construction was underway, but once complete and operating, it employed 2 full time staff during the week and one on the weekend. This results in very patchy employment opportunities for locals. Many of the specialised jobs are carried out by technicians who are flown in then flown back out, rather than the position being available to locals.

**Health impacts**

There is no monitoring of potential health impacts or changes in health in the communities where oil operations are sited. Many families reported health issues such as nose bleeds, headaches and skin disorders that were unknown prior to the establishment of the oil industry in their neighbourhoods, and these issues disappeared in those families that chose to leave the area. There were also concerns expressed by locals about clusters of more serious illnesses in these areas as well.

**In summary:**

As a council, we need to ask ourselves whether we would accept these examples occurring in our communities. I don’t know how widespread the above issues are or whether all of them have been reported correctly, but I believe there is enough evidence to suggest that much more needs to be done to protect the communities where oil and gas production is undertaken.

We also need to weigh up whether the benefits from this industry outweigh the risks to our communities. Do the short term job opportunities and short term economic benefits outweigh the potential risks to our water supply, or the potential time bomb of toxic waste products leftover from this industry, waste products that could still pose problems in several generations time?

We also need to consider what signals we are sending our communities – do we want to allow this industry in our region when we know products of this industry will contribute to climate change? Personally, that is certainly not the signal I wish to give, I would rather indicate that we want our region to move beyond oil dependency by placing a moratorium on this industry and finding ways to instead support investment into and development of cleaner energy alternatives.