



Environmental Defenders Office

1 May 2023

The Chief Executive
Department of Environment and Science

By email: eis@des.qld.gov.au

CONFIDENTIAL AND PRIVILEGED

Dear Chief Executive,

Request to investigate CTSCo Pty Ltd for potential offence under s 480, 480A or 481 of the *Environmental Protection Act 1994 (Qld)*

We are writing on behalf of the Lock the Gate Alliance Ltd (**LTG**). LTG is a national grassroots organisation constituted of thousands of supporters and many local groups who are concerned about coal mining, coal seam gas and fracking. These groups are located across Australia and include farmers, First Nations Peoples, conservationists and urban residents.

We are writing to request on behalf of our client that you investigate whether Carbon Transport and Storage Corporation (CTSCo) Pty Ltd (**CTSCo**), a wholly owned subsidiary of Glencore PLC, has breached sections 480, 480A or 481 of the *Environmental Protection Act 1994 (Qld)* (**EP Act**) by providing misleading or incomplete information to the Department of Environment and Science (**DES**) in its Environmental Impact Statement (**EIS**) for the proposed Surat Basin Carbon Capture and Storage Project (**Surat Project**). The EIS was placed on exhibition in December 2022.

Section 480(1) of the EP Act states:

- (1) *A person must not give to the administering authority or an authorised person a document containing information that the person knows, or ought reasonably to know, is false or misleading in a material particular.*

Section 480A(2) of the EP Act states:

- (2) *The person must not give to the administering authority or authorised person a document the person knows, or ought reasonably to know, contains incomplete information in a material particular.*

Section 481(1) of the EP Act states:

- (1) *A person must not give to the administering authority or an authorised person a document containing information that the person knows, or ought reasonably to know, is false or misleading in a material particular.*

Our client is concerned that CTSCo has omitted to include important information in their EIS about the links that the Surat Project has with other projects including an Enhanced Oil Recovery (**EOR**) project at Moonie Oil Fields.

The purpose of the Surat Project is to demonstrate the viability of geological storage of CO₂ in the Surat Basin over three years, to prove the feasibility of future large-scale CO₂ storage in the region.¹ It involves the injection of a GHG stream into the West Moonie-1 Injection Well located on EPQ10, with the GHG stream to be permanently stored in the Precipice Sandstone aquifer located in the Surat Basin.² The EIS therefore seeks to amend the existing licence and approvals to allow the Environmental Authority to authorise injection testing of CO₂ at the site.³

The GHG stream is proposed to be sourced from a Post Combustion Capture (**PCC**) plant to be constructed adjacent to the Millmerran Power Station, which is owned by Millmerran Power Partners. The PCC plant will be owned by Glencore Carbon Capture Pty Ltd, also a wholly owned subsidiary of Glencore PLC, and will be located on land leased by Glencore Carbon Capture Pty Ltd from Millmerran Power Partners. The EIS for the Surat Project states that the PCC plant is anticipated to be able to supply CO₂ to multiple parties, including to CTSCo and other industrial and commercial CO₂ users.⁴ Approvals for the PCC plant are being sought by Millmerran Power Partners with support from Glencore Carbon Capture Pty Ltd.

Glencore indicated in its EIS and briefings to investors that the Surat Project has the potential to store significant volumes of CO₂⁵ and reduce Queensland's emissions by 57,032 tCO₂-e for the life of the Project.⁶ The emissions reduction is expressed as being through permanent storage of the CO₂.⁷

While the EIS for the Surat Project does briefly acknowledge that some of the CO₂ captured by the PCC plant will be supplied to 'other industrial or commercial CO₂ users',⁸ there is no indication that this CO₂ will be used for purposes other than permanent geological storage. However, Bridgeport Energy submitted an application to amend its environmental approval in October 2021 (**Bridgeport Project**) (prior to the finalisation of the Surat Project EIS) which indicates that some of the CO₂ captured by the PCC plant will be supplied to Bridgeport to be used for EOR:

The initial EOR project plan is to inject up to 120,000 tonnes p.a. of liquid phase CO₂ into the depleted Moonie Oil Field (PL1), for a period of eight years. Moonie well M27 is centrally located in the centre of the Moonie Field. The refined CO₂ delivered from the CTSCo owned post combustion capture plant located at the Millmerran Power Station (or from other sources) will be transported by truck to the receiving cryogenic storage tanks (-20C and 300psi) to be located on the well pad alongside M27. The liquid CO₂ will, if necessary for injection purposes, be directed via a thermal heat exchanger unit where the specific requirements for injection

¹ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS: Executive Summary](#) (8 November 2022) 6.

² CTSCo, [Surat Basin Carbon Capture and Storage Project EIS, Chapter 02: Proposed Project Description](#) (8 November 2022).

³ [Glencore, Sustainability Web Page](#).

⁴ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS, Chapter 02: Proposed Project Description](#) (8 November 2022) 9-11.

⁵ [Glencore 2022 Investor Update 6 December 2022, Slide 11](#).

⁶ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS, Chapter 05: Proposed Project Description](#) (8 November 2022) 5.8.1.

⁷ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS, Chapter 02: Proposed Project Description](#) (8 November 2022) 9.

⁸ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS, Chapter 02: Proposed Project Description](#) (8 November 2022) 11.

temperature tuned to the effective CO₂ conditions needed downhole, will be managed before injection downhole.”⁹ (Emphasis added)

The EOR process injects CO₂ into existing oil and gas reservoirs to produce oil from fields that have passed the maximum output rate; without EOR, those oil reserves would remain in the ground. For this reason, the International Energy Agency has indicated that EOR does not qualify as carbon storage as there needs to be significant changes to the process to permanently store the carbon during EOR.¹⁰

The Bridgeport application to amend indicates that Bridgeport Energy is entering into a supply agreement with CTSCo, who is indicated to be the owner of the PCC plant, under which CTSCo is to supply Bridgeport Energy with CO₂ for the purpose of EOR. The Bridgeport application to amend specifies the quality of CO₂ and other gases being supplied to meet the EOR specification.¹¹ As such, Bridgeport Energy intends to purchase CO₂ from CTSCo to produce more oil rather than permanently sequester the carbon.

As you would appreciate, this information is of significant importance to the decision to approve the Surat Project. The purpose of the Surat Project is primarily to ‘demonstrate the viability of geological storage of CO₂ in the Surat Basin to allow the later assessment of the region for potential future large-scale CO₂ storage’.¹² This purpose is presented in the context of a need to reduce CO₂ emissions through capture and storage.¹³

The information provided in the EIS for the Surat Project does not refer to the supply agreement that was being entered into by Bridgeport Energy and CTSCo for the supply of CO₂ from the PCC plant. In fact, the EIS attempts to separate the PCC plant from the Surat Project by emphasising that it will be owned by a separate company, Glencore Carbon Capture Pty Ltd. However, both CTSCo and Glencore Carbon Capture Pty Ltd are wholly owned subsidiaries of Glencore PLC.¹⁴

The fact that CO₂ captured by the PCC plant will be supplied to other users is only referred to very briefly in the EIS, and there is no mention of the fact that some of the CO₂ captured from the PCC plant will be supplied to Bridgeport for EOR, which does not qualify as permanent storage, and will in fact lead to increased emissions through the combustion of gas produced as a result of injecting the CO₂.

This failure of CTSCo, and thus Glencore PLC, to provide details in the EIS about the agreement to supply CO₂ captured by the PCC plant to Bridgeport for EOR is particularly concerning given that the amendments sought to authorise the PCC plant¹⁵ and the Bridgeport Project¹⁶ are both only minor amendments, meaning they do not require public notification.¹⁷

⁹ Bridgeport Energy, [Moonie Oil Field CO₂ EOR Project, Chapter 3: Executive summary](#) (2021) 5.

¹⁰ International Energy Agency, [Can CO₂-EOR really provide carbon-negative oil? – Analysis - IEA](#) (11 April 2019).

¹¹ Bridgeport Energy, [Moonie Oil Field CO₂ EOR Project, Chapter 3: Executive summary](#) (2021) 5.

¹² CTSCo, [Surat Basin Carbon Capture and Storage Project EIS: Executive Summary](#) (8 November 2022) 6.

¹³ CTSCo, [Surat Basin Carbon Capture and Storage Project EIS: Executive Summary](#) (8 November 2022) 11.

¹⁴ <https://www.glencore.com/who-we-are/transparency/group-entities>

¹⁵ A minor amendment application for Millmerran Power Station’s Ministerial Infrastructure Designation was lodged on 29 April 2022, and proposes the construction of the PCC plant ([AID-0422-0599](#)).

¹⁶ A minor amendment application for EA EPPG03516215 held by Bridgeport Energy (Surat Basin) Pty Ltd was lodged on 6 September 2021, and proposes to authorise EOR activities on PL 1 ([A-AEMD-100128724](#)).

¹⁷ See Department of Environment and Science, [‘Major and minor amendments guideline \(ESR/2015/1684\)’](#) (4 May 2022) 3; Queensland Treasury Planning Group, ‘Minister’s Guidelines and Rules under the *Planning Act 2016*’ (11 September 2020) 55.

As a result, public notification of the EIS for the Surat Project was the only opportunity the general public had to comment on the use of CO₂ captured by the PCC plant.

Therefore, considering the terms of s 480, 480A or 481 of the EP Act:

- CTSCo at the time of drafting the EIS was aware that it was finalising a supply agreement with Bridgeport to sell some of the CO₂ from the PCC plant.
- CTSCo was therefore aware that not all of the CO₂ captured from the PCC plant would be used for permanent geological storage.
- The EIS therefore contained incomplete information or information that was false and misleading in a material way, namely in relation to the fact that some of the CO₂ captured by the PCC plant would be supplied to Bridgeport to be used for EOR, which is distinct from permanent geological storage.

An offence under s 480, 480A or 481 of the EP Act has significant penalties. If CTSCo has committed an offence under either s 480 or 480A it is liable for a penalty of 4,500 penalty units (\$646,875) or 2 years imprisonment for individuals involved in the conduct.

DES is empowered to take enforcement action for offences and breaches of the EP Act. This includes initiating prosecution as well as issuing penalty notices.

DES's compliance program targets those activities that pose the greatest potential risk to Queensland's environment and communities. As set out in DES's 2022 "Annual Strategic Compliance Priorities", DES will prioritise matters relating to petroleum and gas. The misleading or incomplete information could result in significant overestimation of the benefits of the Surat Project and the PCC plant. In particular, the PCC plant is likely to allow continued expansion of oil production through the link with the Bridgeport Project which will lead to increased greenhouse gas emissions rather than reductions, and which will generally harm the whole of Queensland's environment. LTG expects that DES will therefore utilise the full extent of its enforcement powers in respect of the above matter, given DES's enforcement priorities.

We would therefore appreciate it if you could confirm that you will investigate this matter and keep us informed of progress and the outcome of the investigation in due course.

We request a response to this letter within the next month (by 31 May 2023) with an indication of the steps that DES will take to investigate.

Please do not hesitate to contact us should you wish to discuss.

Yours sincerely,

Environmental Defenders Office



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