

5 March 2003

Prof. Peter Newman
Director Sustainability Policy Unit
Department of Premier & Cabinet
15th Floor Governor Stirling Tower
197 St Georges Terrace
Perth W.A. 6000

Dear Peter

Western Australian State Sustainability Strategy
ChevronTexaco Response

ChevronTexaco welcomes the opportunity to comment on the W.A. State Sustainability Strategy, 'Focus on the Future', Consultation Draft released in September 2002.

We acknowledge the State Government's commitment to 'sustainability'. The publication of the State Sustainability Strategy (the draft Strategy) is a significant step towards meeting that commitment.

ChevronTexaco is the operator and joint venture partner of several significant projects in Western Australia that will continue to deliver a major contribution to the sustainable development of the State and the nation. We are a joint venture partner in the North West Shelf project, operate oil production facilities on Barrow and Thevenard Islands and operate the Gorgon development.

We look forward to consulting with the Government on the development of the draft Strategy in a way that recognises the contribution of the oil and gas industry to sustainable development and which takes advantage of ChevronTexaco's experience and success in W.A. and overseas.

ChevronTexaco has a significant stake in the development of the draft Strategy and will continue to work with government, the Australian Petroleum Production and Exploration Association (APPEA), and other stakeholders to share our experience in planning and delivering sustainable development.

The attached paper sets out ChevronTexaco's perspective and experience on approaches to sustainable development in the oil and gas industry in Western Australia.

Yours sincerely



James Pearson
External Affairs Manager

Attachment 1

ChevronTexaco Australia

Response to the Western Australian State Sustainability Strategy ‘Focus on the Future’ Consultation Draft.

Meeting the increasing demand for energy

ChevronTexaco, like others in our industry, is in the business of meeting society’s demand for energy.

For the foreseeable future, hydrocarbons will provide a substantial proportion of the energy required to meet the community’s increasing demand.

The challenge is to deliver efficiently, cleaner and affordable energy while minimising environmental impact and providing societal benefits such as jobs, local business development opportunities and delivering economic growth.

To meet this challenge, our approach to sustainable development includes:

- Securing the right to access resources to serve growth demand;
- The need for market based policies to ensure energy affordability;
- Our responsibility as a company to maximise conservation: both environmental and hydrocarbon conservation; and
- Recognising public concern about global climate change and integrating these concerns into our business decisions

Integrating economic, social and environmental assessment

The integrated assessment of the economic, social and environmental elements of energy projects with potentially significant impact on economic, social and/or environmental values could provide a useful process to assist in the planning for, and assessment of the benefits of, significant projects.

The proposed Gorgon development is undergoing an Environmental, Social and Economic (ESE) review. This process is a ground breaking approach to sustainable development assessment for a significant energy project in WA. While the ESE review process is still at a relatively early stage, it could have significant implications for the way in which impacts of significant projects are assessed in the future. We look forward to working closely with the government and other stakeholders in the ESE review process and also in consideration of the possible broader implications of the process.

Approaches to sustainable development assessment should be considered in light of the Government’s commitment to improve the effectiveness and efficiency of the State’s project approvals processes for major projects (the Keating Review). The outcome should enhance Western Australia’s desirability as a destination for investment by the petroleum industry which will, in turn, see increased development of the oil and gas reserves offshore to sustain the State’s growing economy.

A way forward for the draft Strategy

We encourage the W.A. Government to consider the following suggestions in developing the draft sustainability strategy for the State:

1. Revert to the more commonly accepted term *Sustainable Development*, instead of ‘sustainability’, as this is more readily understood by key stakeholders.
2. Use the globally accepted World Business Council for Sustainable Development (WBCSD) definition of sustainable development (“...*forms of progress that meet the needs of the present without compromising the ability of future generations to meet their need.*”) Again, this is more readily understood by key stakeholders and is more likely to provide a basis for reaching alignment amongst those stakeholders. This is particularly true for international industries such as resources and energy, which play such an important role in sustaining the State’s growth.
3. Focus initially on developing an agreed set of sustainable development principles in consultation with stakeholders. This step should come before, not concurrently with the promulgation of processes and actions to implement the draft Strategy.
4. Encourage each industry sector to develop their own specific sustainable development operating principles that participants in those industries can support. We are confident that key industries in WA such as the petroleum industry would respond positively to the opportunity to consult with the Government on the development of principles appropriate to the relevant industry.

Attachment 2

ChevronTexaco: operations in Western Australia

ChevronTexaco's operations in Western Australia have a strong focus on implementing the generally accepted principles of sustainable development.

Barrow and Thevenard Islands: Our Track record

The ChevronTexaco operation on Barrow Island demonstrates that with proper management and planning, resource development and conservation can both be achieved and deliver sustained economic benefit to W.A.

The island supports a significant range of flora and fauna, some of which is now extinct on the mainland. Recognising the island's importance, it was declared a Class A nature reserve in 1908.

The first seismic surveys were conducted on the island in 1963, the first well drilled in 1964 and the first tanker loaded in 1967. Since the 1960's, over 1000 kilometres of seismic has been recorded, over 800 wells completed, approximately 290 million barrels of oil produced, in addition to thousands of jobs created, revenue to the State and the development of world class conservation principles and practice.

Throughout these operations, the island's full suite of native species has remained intact. The conservation value of Barrow has been preserved through rigorous environmental management, particularly quarantine control that has been established and continually improved over the last 40 years.

The Barrow Island oilfield continues to deliver significant conservation, social and economic benefits to W.A. It proves that the concept of sustainable development is achievable, cost effective and powerful when applied in a market based framework to achieve multiple benefits.

As with Barrow, Thevenard Island has unique biodiversity and is classified as a Class C nature reserve. ChevronTexaco has continued to implement our high standard of environmental management over the island's natural resources and continue to deliver economic and social benefits to W.A. through production of oil from Thevenard Island.

Gorgon and Sustainable Development

The Gorgon gas field is the largest yet discovered in Australia. Located 130 kilometres from the coast, the gas field offers substantial economic, strategic and social benefits to W.A. Our development proposal includes construction of a gas processing facility on Barrow Island.

The Minister for State Development directed that our proposal examine the environmental, social, economic and strategic ramifications of developing the Gorgon gas field. In a progressive step toward formally assessing the sustainability of the Gorgon gas development, the State government and ChevronTexaco developed the ESE process. Our ESE review integrates the environmental, social and economic strategic considerations associated with the Gorgon gas development for

assessment by the W.A. government. This process is a first for W.A. and one of the few sustainable development processes documented internationally for a specific development.

The features of the ESE process are:

- **Assess** - identifies and assesses a comprehensive range of potential impacts and benefits;
- **Principles** - develops sustainability principles for the project;
- **Criteria** - defines measurement criteria for implementing each of the principles; and
- **Measurement** - determines the ability of the project to meet the criteria

We understand that the Sustainability Policy Unit of the Department of Premier & Cabinet is familiar with the Gorgon development ESE approach. We have included the sustainability review chapter from the ESE (attachment 3) demonstrating the proposed Gorgon gas development meets the principles of sustainable development, is consistent with the direction of the State and would provide economic, social and environmental benefits to the Pilbara, W.A. and Australia.

The principles of sustainable development articulated in the ESE are appropriate for the Gorgon development. Other projects of similar significance could consider the development of their own project-specific principles.