

30 September 2010

New Plymouth District Council
Private Bag 2025
NEW PLYMOUTH

Dear Sir

Submission in relation to:

The entire of NPDC Plan Change PLC10/00027 – Changes to subdivision and land-use provisions relating to maintaining rural character.

Full Name of Submitter:

The Petroleum Exploration and Production Association of New Zealand (PEPANZ)

Plan Change Number:

PLC10/00027

Submission:

PEPANZ submission on the proposed plan change is detailed below.

BACKGROUND & INTRODUCTION

1. The Petroleum Exploration and Production Association of New Zealand (PEPANZ) is an incorporated society, operating as a trade association, which promotes the interests of petroleum producers and explorers in New Zealand. PEPANZ was set up to represent private sector companies which hold petroleum exploration and mining permits, and service companies and individuals working in the industry.
2. A large proportion of the members of PEPANZ have petroleum interests in the New Plymouth District. They have been working under the New Plymouth District Plan (NPDP) since its conception, and the comments made in this submission are a reflection of our experiences working under the current NPDP. Some of our members may also make individual submissions on the rural review.
3. The industry in Taranaki directly employs approximately 1200 staff and generated \$2.8 billion for the national economy in 2009. Royalty payments of \$510m and tax payments of \$485m in 2009 contributed significantly to New Zealand's income.

4. Petroleum Exploration and Production activities include the installation, establishment, operation, development, use, maintenance and enhancement of the following;
 - Petroleum exploration & production wells and their associated sites and access tracks.
 - Petroleum pipelines.
 - Production stations of varying scales and sizes, producing a variety of products.
 - Block valve stations and other above ground facilities associated with wellsite and pipeline networks.

It also involves;

- Construction and earthworks activities associated with all of the above.
 - Night-time activities, particularly on well sites.
 - Seismic Surveying activities.
5. With respect to the environmental effects currently managed by the NPDP, petroleum exploration and production activities may involve any combination of the following;
 - Generation of traffic – often heavy (e.g. crude/condensate/LPG tankers).
 - Noise emissions.
 - Use and storage of hazardous substances.
 - Light emissions (e.g. flares, security lighting).
 - Earthworks.
 - Vehicle access.
 6. Production activities are experiencing expansion in New Zealand, with related ancillary activities which utilize gas (such as power generation) becoming more common on a production site.
 7. NPDC policies currently reflect that petroleum activities occur in the rural environment in New Plymouth. Like poultry farming, pig farming and other intensive rural activities, the rural environment area is usually the only area within which petroleum activities can be located. By virtue of geography, some of New Plymouth's petroleum activity also occurs in the Industrial Environment, but the majority of the production stations, pipelines and well sites occur in the rural environment.
 8. The balance between the various aspirations and the values the community wishes to retain can be influenced by directions from all sectors of Central Government, particularly in relation to petroleum exploration and production activities where the NZ Government (Crown Minerals) is actively encouraging exploration and development of NZ's petroleum reserves. Local government policy (and subsequent planning rules and restrictions) has significant potential to influence development: it impacts upon costs and timeframes and sends a vital signal to the community about what to expect in the rural area.
 9. As a significant portion of the currently viable oil and gas reserves are found in the Taranaki Basin, the NPDC plays a substantial and important role in the future

development of New Zealand's onshore petroleum resources. The rule changes made now will set the framework for exploration through to production in the New Plymouth District for many years. Carefully balancing the needs of the economy to develop these resources with the needs of the community is something that PEPANZ and our members wish to work closely with the NPDC to achieve.

GENERAL

10. The interaction between the activities which occur in the rural area and rural living activities was identified as a key aspect of the rural review process undertaken by the NPDC. A number of our PEPANZ members with existing activities (well sites, production facilities etc) have been affected by subsequent lifestyle development occurring in many of their permit areas – the reverse sensitivity issue.
11. The NPDC's '*Rural Review Stage 3: Broad Directions*' document lists 4 proposed plan changes;
 - A: Maintaining Rural Character Plan Change (the plan change which is the subject of this submission)
 - B: Lifestyle Area Plan Change – to investigate the development of lifestyle areas, providing for small lot living in appropriate parts of the rural environment.
 - C: Important landscape Areas Plan Change – to include additional land use and subdivision controls in the Coastal Policy Area, on Regionally Significant Landscapes and in the newly identified Outstanding Landscape Buffer.
 - D: Reverse Sensitivity Plan Change – to include further reverse sensitivity controls in the District Plan to protect some key rural resource based industries from potential encroaching rural residential development.
12. PEPANZ *submit* that encroaching lifestyle development threatens the ongoing operation of petroleum sites.
13. PEPANZ accordingly seek a *decision* that Plan Change D be progressed with urgency. We understand this proposed 'reverse sensitivity' plan change has not yet been notified.
14. Without the detail of future lifestyle zones, reverse sensitivity rules and rural character provisions, PEPANZ find it difficult to consider the full impact of the proposed plan changes on petroleum operations in the New Plymouth District. PEPANZ's submissions on the proposed changes in Plan change PLC10/00027 are detailed below. It is noted however that additional submissions may be required when further rule and policy changes begin to interact with the changes proposed.

DEFINITION OF RURAL CHARACTER

The proposed new definition of Rural Character reads;

RURAL CHARACTER is the combination of elements that make an area 'rural' rather than 'urban'. RURAL CHARACTER includes the key elements of Spaciousness, Low density, Vegetated, Production orientated, Working environment, Rural related industrial and Rural infrastructure activities. The elements of RURAL CHARACTER are further defined under these categories in the reasons to Issue 4.

Under issue 4 'Loss or reduction of rural amenity and character', 7 elements that define rural character have been listed. Point 6 has been added to define rural based industry and reads;

6. Rural based industry: Infrequent but intensively developed industrial SITES at various scales such as sawmills, quarries, agricultural machinery manufacture, transport yards, bulk stores, New Plymouth airport, PETROLEUM EXPLORATION well sites and production facilities, and petrochemical plants that are associated with the land or its associated natural assets. There are also other industries and commercial enterprises that have developed historically.

15. PEPANZ *submit* that the definition above in item 6 includes well sites, and infers that they are infrequent. This may be true for quarries, machinery manufacture and transport yards. However there are numerous well sites currently operating in the New Plymouth District, and numerous future drilling proposals associated with the permits granted by the Ministry of Economic Development. Suggesting well sites are infrequent, or occur at a similar frequency to quarries or transport yards will be misleading to the community. It is sought that the word 'infrequent' be removed in reference to Petroleum Activities.
16. PEPANZ further *submit* that other infrastructure associated with the petroleum industry - such as access tracks, power lines and pipelines is not recognised. Pipelines in particular are part of the rural environment, and while not always apparent on the surface they are noticeable during construction and require surface facilities.
17. Given the importance of this industry to the New Plymouth District's economy (and the social and economic wellbeing of New Zealand as a whole) PEPANZ seek a *decision* to include a broader description of Petroleum Exploration well sites and production activities under point 6 of Issue 4. PEPANZ suggest the following wording be included in point 6;

Petroleum Exploration well sites & access tracks, petroleum production activities on well sites, petroleum production stations and related ancillary activities to further process petroleum products, petroleum pipelines and associated above ground infrastructure such as block valve stations and metering stations.

18. As an alternative to modifying point 6, Issue 4, the references to the petroleum industry could be removed from this point, and a separate point be added specifically defining the Petroleum Activities and how they contribute to the

definition of Rural Character within the New Plymouth District. This would be PEPANZ's preference.

Under issue 4, point 7 has been added to include a definition of 'rural infrastructure'. This reads;

7. Rural Infrastructure: Generally un-serviced with a lack of urban infrastructure such as reticulated water and waste water systems. A road transportation network of many narrow roads (unkerbed) with low traffic levels, that are unkerbed, without footpaths and urban structures such as street lighting, unless required for road safety reasons. There are also and some state highways with higher traffic levels.

19. PEPANZ *submit* that the definition of Rural Infrastructure under issue 4 should recognize the Petroleum related infrastructure within the district, for example pipelines and ancillary equipment.

20. PEPANZ also *submit* that point 7 focuses heavily on roading infrastructure. The definition fails to recognize some of the rural roads in the district which carry higher traffic volumes. Some of these higher volumes are associated with the Petroleum industry. It is *sought* that Point 7 be expanded to read 'There are also STATE HIGHWAYS, ARTERIAL ROADS, COLLECTOR ROADS and some local roads with higher traffic levels.

21. In general, well site activities are the most prevalent activity undertaken by our members in the rural area. PEPANZ *submit* that the temporary and highly variable nature of well site activities is not recognized in this definition and is commonly misunderstood by Council and the community. Unlike permanent installations, well site activities are characterised by brief periods of intensive activity (drilling, work-overs), which typically trigger noise, traffic and hazardous substances provisions in the NPDP for a temporary period of time, followed by long periods of little or no activity. The plan change at hand provides opportunity for further clarification of this within issue 4 and this is what is sought by PEPANZ. The nature of activities undertaken on these rural industrial sites has just as much of an impact on rural character as the physical sites themselves.

RUR 6 – STRUCTURES OTHER THAN BUILDINGS – MAXIMUM HEIGHT
RUR 10 – OTHER BUILDINGS MAXIMUM HEIGHT

22. Many structures and 'other buildings' which might trigger this rule could be considered key for infrastructure and for economic and social well being of the community – such as cooling towers on power-plants, power-poles, towers/columns on plants to process petroleum products. PEPANZ is concerned about the proposal for fully discretionary status for these activities, as it may unnecessarily open up a simple development to unrelated issues that are costly to resolve. A return to restricted discretionary status is sought.

RUR 16 -18 – BUILDINGS – SETBACK/COVERAGE

23. The proposed setback rules seem excessive, and as a general comment it is questionable whether these will achieve the desired result of reducing effect of the built form on rural character.
24. Many petroleum facilities are by nature on small sites (e.g. block valves, pumping stations) and due to the wide definition of 'building' the development of these sites regularly includes buildings. It is very unlikely that compliance with this rule could be achieved on the small sites commonly associated with petroleum infrastructure, and we doubt there is a desire that this infrastructure should occupy larger sites. This would add an unnecessary layer of bureaucracy (and therefore uncertainty) to petroleum field development particularly as it is proposed to make those developments that cannot comply fully discretionary. PEPANZ seek resolution of this issue. A potential solution could be exemptions for Network Utilities, as is applied with the subdivision rules.

RUR 62 & 62a – EXCAVATION AND FILLING

25. PEPANZ submit that the proposed additional need to consider the maintenance of rural character is unnecessary when relating to excavation and filling.
26. The inclusion of rural character in the assessment criteria for excavation and filling is a concern in that earthworks are a part of the rural environment, whether undertaken by farmers, landowners or the Petroleum Industry. Earthworks are generally temporary, and within months of reinstatement are undetectable in the landscape (e.g. installation of a pipeline). Given the NPDC already has the ability to consider the extent, location and timing of excavation and filling, as well as any adverse visual impacts from adjoining areas, it would be expected that on the rare occasion that the earthworks may have a permanent impact on the landscape and subsequently 'rural character' there is provision to address this.

RUR76 & 78 - SUBDIVISION

27. The changes to rural subdivision will do little to allay current concerns held by the industry in relation to reverse sensitivity. PEPANZ submit that there is still potential for reverse sensitivity issues even with the larger lots proposed, and that rules relating to reverse sensitivity need to be developed and notified as soon as possible so they can be considered alongside the changes currently proposed, and implemented without delay.

RUR 93-98 – VEHICLE ACCESS POINTS, PARKING, LOADING, STANDING AND MANOEUVRING

28. PEPANZ have concerns about the inclusion of assessment criteria relating to rural character for vehicle access, parking, loading, standing and manoeuvring.
29. At present, temporary activities are treated the same way as permanent activities under this rule and associated Appendix 23. It is apparent that providing the required parking, turning and manoeuvring space to comply with the current controlled criteria in the NPDP may in fact conflict with the desire to maintain

rural character. Compliance may require more hard-standing area, more earthworks, and essentially a larger site footprint. For temporary activities such as a well site, the net result will therefore be unnecessarily increasing the site size and therefore potential for permanent effects on 'rural character'.

30. The key priority on a well site is to ensure the safety can be maintained with all parking, loading, manoeuvring and access activities. PEPANZ would expect that working within as small a footprint as possible to achieve this would be encouraged in the interest of maintaining rural character. Providing a lesser standard for temporary activities either as controlled or permitted would therefore be desirable.

RUR 101/102 – TRAFFIC AND TRANSPORT – GENERATION OF TRAFFIC

31. Proposed policy 4.59 states that activities within the rural environment should not generate traffic effects that will adversely affect rural character and the intensity of traffic generation should be of a scale that maintains rural character. A new assessment criteria (4) has been added in relation to traffic generation and reads;

'4. The extent to which the increase in the pattern of traffic movements is not in keeping with rural character and whether the use is in an appropriate location and of an appropriate scale for the area.'

32. Petroleum well sites could occur anywhere within the rural environment in New Plymouth and are dictated by subsurface geology, not surface topography and features. Traffic generation associated with a well site will not be able to be 'scaled back' if the NPDC determines that the proposed level of traffic is not in keeping with rural character – i.e. that the traffic is not *in an appropriate location and of an appropriate scale for the area*. We are concerned that this may imply that there are some areas of New Plymouth District where traffic generation of the scale typical of petroleum activities is not going to be considered appropriate, effectively eliminating the potential of exploration in that area. PEPANZ submit that proposed additional assessment criteria 4 be removed.
33. It is further noted that traffic generation associated with well sites is short term and temporary, though is currently subject to the same performance standards as permanent, fulltime ongoing traffic generation. PEPANZ would be pleased to assist the NPDC develop definitions for temporary traffic generation with a mind to developing controlled activity rules to address temporary traffic generation.
34. The role the petroleum industry has played in the development of some roads in the district – one example being Otaraoa Road which was developed by Petrocorp to service the McKee Production Station – is worthy of mention. Petrocorp improved and widened this road so that it would be suitable for the heavy traffic needs associated with the production station. While unlikely to be incorporated into the plan change, this is pointed out because the Petroleum Industry is often seen as having nothing but an adverse impact on roads. The contribution the industry makes to the roading infrastructure of the district is substantial. To be penalized now for the use of these roads on grounds of 'rural character' would be a significant concern.

SUMMARY

35. The petroleum industry, and the many and varied activities it encompasses, is as an important ingredient in 'rural character' as agricultural activities throughout the New Plymouth District. In many areas it has shaped the character of the area, often with roading and infrastructure that was not previously present, and it will continue to do so.
36. PEPANZ accordingly submit that it is very important to the industry to have a strong definition of rural character which includes those matters raised in this submission. It would be extremely concerning to PEPANZ to have consents for petroleum projects declined on the basis of adverse effects on rural character when Petroleum activities are among the defining elements of the rural character of the District.
37. Future rural plan changes have potential to impact upon the activities of PEPANZ members. Many of these are interrelated to the issues at hand, and it would be preferable to PEPANZ to be able to see the full suite of proposed plan changes as a whole, rather than assess them piece by piece.

PEPANZ **wish to be heard** in support of our submission

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Signed: _____
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Date: _____