Unconventional Natural Gas in the Courts: An Overview

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This article provides an overview of the avenues that have been used or could be used to litigate issues relating to the extraction of, and production of energy from, unconventional gas. It illustrates the wide variety of cases that may be brought in relation to the approval or operation of unconventional gas projects or activities, ranging from private actions (eg, in tort, contract and property law) to actions that are public in nature (eg, public interest environmental litigation, criminal prosecutions and other prosecutions relating to occupational health and safety). Generally speaking, four types of case have been most common: (1) disputes between landholders and gas companies; (2) disputes between rival gas companies; (3) disputes between regulatory agencies or authorities and gas companies; and (4) public interest litigation by environmental non-governmental organisations seeking judicial review of government decisions relating to unconventional gas projects or activities. This article concludes by reflecting on the likely forms such litigation may take in the future and the role the courts may play in the broader scheme of energy and environmental governance.

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Introduction

The issue of deriving energy from unconventional gas sources is one that has attracted much controversy and debate in Australia and other jurisdictions around the world, most notably the United States. In the past, unconventional gas sources have generally been dismissed as a viable energy source, a fact that may be attributed to technological difficulties and the high costs associated with the process for producing energy from such sources.1 However, technological innovations such as hydraulic fracturing (commonly referred to as ‘fracking’) and horizontal drilling have effectively transformed unconventional gas into an economically and technologically viable source of energy.2

Proponents of energy production have argued that implementation of unconventional gas projects or activities produces a number of benefits, including job creation, positive effects on global markets and the promotion of national security in individual countries.3 Proponents have also suggested that deriving energy from unconventional gas sources presents a cleaner-burning fossil fuel when compared with conventional sources of energy (eg, the burning of coal) and thus offers an ideal transitional measure in moving towards a greener economy, built on renewable energy sources.4 Some have even gone so far as to emphasise that forms of unconventional gas (eg, shale gas) represent an ‘energy panacea’,5 and that fracking, the main process associated with

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the extraction of unconventional gas and production of energy from it, is ‘a safe and effective way to recover oil and gas from shale formations’.\(^6\)

While the benefits associated with the production of energy from unconventional gas sources may be substantial, it should be recognised that the processes used for producing energy from these sources are still in their infancy.\(^7\) The innovative use of technologies for the extraction of, and subsequent production of energy from, natural resources carries with it new risk profiles that are uncertain, or not fully known or understood.\(^8\) Indeed, opponents of producing energy from unconventional gas sources have argued that significant adverse environmental risks and impacts are likely to be associated with processes for producing energy from such sources. Such risks and impacts include the contamination of groundwater systems and the potable water supply of cities or towns located within the vicinity of an unconventional gas project or activity, as well as the generation of atmospheric pollution and soil contamination through energy extraction and production processes.\(^9\) It has also been suggested that unconventional gas projects or activities may result in adverse effects on stakeholders such as the agricultural industry (eg, soil pollution where crops are grown or effects on aquifers used by agriculture), in addition to undesirable social and economic impacts on human communities and populations.\(^10\)

Given the contentious nature of projects or activities involving production of energy from unconventional gas sources, it is not surprising to find that many stakeholders who feel harmed or aggrieved by, or dissatisfied with decisions to approve, the operation of such projects or activities are beginning to resort to the courts for remedy or redress of a perceived wrong or injustice. Although there has not, to date, been an explosion of cases involving challenges to unconventional gas projects or activities in jurisdictions where such projects or activities take place, there has been a growing number of such cases over the past few years.\(^11\) As unconventional gas projects or activities become more commonplace in the future, it is likely that there will be a substantial increase in litigation concerning these projects or activities.

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8 Randall, n 7 above, 156–157; Goldstein, Bjerke and Kriesky, n 3 above, 162.

9 See Sakmar, n 1 above, 399–406; Randall n 7, 154–156; Swayne, n 3 above, 164; Samuels, n 3 above, 1089.

10 Randall, n 7 above, 154–156.

11 See, eg, King, Bryan and Clark, n 6 above, 344.
For present purposes, there have been a sufficient number of cases to make some observations about the variety of forms these cases are currently taking in the courts, and to enable some comments or predictions about how the issue of energy production from unconventional gas sources could play out in the courts in the future.

With this in mind, this article provides an overview of the causes of actions that have been used, or could be used in the future, to litigate issues relating to the extraction of, and the production of energy from, unconventional natural gas. It will first provide an overview of unconventional natural gas, noting its three main types. It will also distinguish unconventional gas from its traditional counterpart, namely conventional gas. The article will then move on to provide an overview of the causes of actions that have been used or could be used in several jurisdictions to litigate issues relating to unconventional gas projects or activities. The article will conclude by reflecting on the directions unconventional gas litigation is likely to take in the future. In the process, the article will fill a gap in the existing legal literature on unconventional natural gas.

At the domestic level, plaintiffs have used tort or contract law to challenge the operation of unconventional gas projects or activities. Causes of action in tort have generally included actions of trespass, nuisance (both public and private) and negligence. In some cases, actions based in tort have been accompanied by contractual causes of action. Causes of actions founded in contract law have also been litigated in circumstances where tortious issues are not raised by the parties to the given dispute. In contract cases, the courts have usually been asked to consider whether there was some vitiating element or characteristic present (eg, mistake, misrepresentation, duress, undue influence, unconscionable conduct or illegality) that effectively rendered void the contract between the parties, or whether some supervening event or fundamental breach entitled one party to terminate the contract.

Litigants have also used administrative law and civil enforcement proceedings to bring unconventional gas issues before the courts. Private and public interest litigants have instituted judicial review proceedings to challenge administrative decisions or conduct concerning particular unconventional gas projects or activities. In civil enforcement proceedings, property owners have sought to restrain unconventional gas operators from breaching the terms of the relevant petroleum and gas lease and applicable statutes.

Litigation has also occurred in relation to property rights. Real property owners and unconventional gas project operators have litigated over access to land for exploration and production. Joint venturers have litigated over the sale of interests in an unconventional gas joint venture and over ownership of petroleum licences.
There have also been criminal prosecutions against unconventional gas operators and others for offences committed against petroleum, environmental and corporate legislation. There has been unconventional gas litigation arising under European Union (EU) law.

Generally speaking, the unconventional gas litigation that has been brought thus far may be generally divided into four categories:

1. Litigation between landholders and gas companies: typically, cases in this category involve landowners bringing causes of action against a gas company, alleging tortious conduct on the part of a gas company, breaches of oil and gas leases, and violation or infringement of property rights (e.g., unauthorised access to land). In turn, gas companies have brought actions against landowners to secure access to land.

2. Litigation between rival gas companies: so far, cases in this category have mainly focused on issues relating to competition between rival gas companies during the tender process for unconventional gas projects or activities.

3. Litigation between regulatory agencies or authorities and gas companies: gas companies have brought judicial review proceedings to challenge decisions made by government entities that relate to unconventional gas projects or activities. Regulatory agencies have brought criminal prosecutions against gas companies for violations of environmental and occupational, health and safety laws.

4. Public interest litigation: environmental non-governmental organisations have sought judicial review of government decisions to grant leases or approvals for unconventional gas exploration or production.

What is unconventional gas?

The forms of natural gas generally fall into two categories: conventional gas and unconventional gas. Conventional gas is obtained from reservoirs that generally consist of porous sandstone formations that are capped by an impermeable layer of rock, with the gas trapped by buoyancy. The gas can often move to the surface through the gas wells, without the need to pump, by simply drilling directly into the reservoir.
Unconventional gas, in contrast to conventional gas, is generally produced from complex geological structures that prevent or significantly limit the migration of gas.15 The extraction of unconventional gas from complex geological structures requires the use of a variety of production techniques, most notably fracking and horizontal drilling.16 Because of the low permeability17 of the complex geological structures in which unconventional gas is found, these production techniques are deployed to stimulate the reservoir by creating fissures in the rock, which enable gas to flow more easily through the rock, thereby enhancing production.18 There are at least three types of unconventional gas: coal seam gas (CSG), shale gas and tight gas.19

CSG, which is also known as coal bed methane, is a form of natural gas that is typically extracted from coal seams between 300 and 1,000 metres below the surface.20 While CSG is a mixture of numerous gases, it is mostly composed of methane (roughly 95–97 per cent pure methane).21 CSG is absorbed entirely into the coal matrix.22 Movement of CSG to the surface through gas wells normally requires extraction of formation water from the coal cleats and fractures, which serve to reduce the pressure and allow methane to be released from the coal matrix.23 Over time, water production decreases while gas production increases.24 CSG production normally requires a higher density of wells in comparison to conventional gas production, but CSG wells are generally shallower than their conventional counterparts and are also less expensive to drill.25

Shale gas is generally extracted from clay-rich sedimentary rock that has naturally low permeability.26 The gas contained in the rock is either absorbed or exists in a free state in the pores of the rock.27

15 CSIRO, n 12 above.
16 Sakmar, n 1 above, 375.
17 Permeability is a measure of how well a material can transmit water. Materials such as shale, which transmit water poorly, have low values. Permeability is primarily determined by the size of the pore spaces and their degree of interconnection: see http://geology.com/dictionary/glossary-p.shtml.
18 Ibid.
19 CSIRO, n 12 above; Sakmar, n 1 above, 375–376.
20 CSIRO, n 12 above.
21 Ibid.
22 Ibid.
23 Ibid.
24 Ibid.
25 Ibid.
26 Ibid.
27 Ibid.
Tight gas is trapped in reservoirs characterised by very low porosity\(^{28}\) and permeability (eg, sandstone).\(^{29}\) The pores that contain the gas are miniscule in size, and the interconnections between them are so limited in nature that the gas encounters great difficulty in migrating through the rock.\(^{30}\)

**Tort law**

The bringing of tortious actions, either in a civil or common law system, is one way in which remedy or redress for harm – be it to person, property or the environment – may be sought. The causes of actions employed or likely to be employed are trespass, nuisance and negligence.

**Trespass**

There are three main types of trespass, namely, to the person, to goods and to land.\(^{31}\) First, trespass to the person involves either an intentional or negligent act committed by the defendant against the plaintiff’s will (eg, assault, battery and false imprisonment). Secondly, trespass to goods comprises an unlawful disturbance of the plaintiff’s possession of goods (eg, by seizure or removal of goods or by a direct act causing damage to them). Thirdly, trespass to land covers every unlawful entry by the defendant onto land in the plaintiff’s possession, even when no physical damage is done by the defendant on the land. It includes taking possession, pulling down or destroying anything permanently fixed to it, wrongfully abstracting minerals or resources from it, discharging water or dumping waste on it and so on. It is this last type of trespass that has formed the basis of the overwhelming majority of unconventional gas litigation involving a cause of action grounded in the tort of trespass. So far, these causes of action have all taken place in the US.

The case of *Coastal Oil & Gas Corp v Garza Energy Trust*\(^{32}\) constitutes one of the most important cases decided thus far in the US on the issue of trespass to land through the carrying out of the fracking process.\(^{33}\)

\(^{28}\) Porosity is the volume of pore space in a rock, sediment or soil. This pore space can include openings between grains, fracture openings and caverns: see http://geology.com/dictionary/glossary-p.shtml.

\(^{29}\) CSIRO, n 12 above; Sakmar, n 1 above, 376.

\(^{30}\) CSIRO, n 12 above.


\(^{32}\) 268 SW 3d 1 (Tex 2008).

In this 2008 case, the Salinas family and other respondents (Salinas) owned the minerals in a 302.7-hectare (748-acre) tract of land in Hidalgo County called ‘Share 13’. Coastal Oil & Gas Corp (‘Coastal Oil’) leased the minerals on Share 13 from Salinas, as well as the minerals on adjacent tracts of land (‘Share 15’ and ‘Share 12’). Coastal Oil later acquired the mineral estate on Share 12. In leasing the minerals on Share 13 to Coastal Oil, Salinas had a royalty interest and the possibility of reverter in the minerals.\(^{34}\)

A natural gas reservoir, known as the Vicksburg T formation, was located between 3.5 and 3.8 kilometres below all three tracts of land. The Vicksburg T formation was a ‘tight’ sandstone formation that was relatively imporous and impermeable, meaning that natural gas could not be commercially produced without the use of fracking. Coastal Oil used fracking to drill four wells on Share 13, one of which was close to the border between Share 12 and Share 13. Coastal Oil drilled two further wells on Share 12 that were also close to the border of Share 12 and Share 13. Coastal Oil, pursuant to Texas Railroad Commission requirements, shut in an earlier producing well on Share 12 (Pennzoil Fee No 1) that lay close to Coastal Fee No 1 well, as the Commission was concerned that two adjacent wells on Share 12 would drain natural gas from Share 13.\(^{35}\)

Notwithstanding this action, Salinas sued Coastal Oil, arguing that Coastal Oil had breached its implied covenants by failing to develop Share 13 and to prevent drainage of natural gas from Share 13 to Share 12. Salinas was concerned that Coastal Oil was allowing Share 13 gas, on which Coastal Oil owed Salinas a royalty, to drain to Share 12, where Coastal Oil, as both the owner and operator of the tract of land, was entitled to the gas unburdened by a royalty obligation.

Salinas claimed, among other things, that Coastal Oil had trespassed by fracking the well on Share 12 (including the incursion of hydraulic fracturing fluid and proppants into the plaintiffs’ subsurface land), causing substantial drainage of gas from the reservoir beneath Share 13. Coastal Oil argued that Salinas, as lessor, had no possessory right to the minerals, and therefore, no standing to sue in trespass.\(^{36}\)

The 332nd District Court of Hidalgo County (Ramirez, Jr, J) entered judgment on a jury verdict in favour of Salinas. Coastal Oil appealed to the Court of Appeals,\(^{37}\) which affirmed in part, reversed in part, and remanded.

\(^{34}\) 268 SW 3d 1 (Tex 2008) 5.
\(^{35}\) Ibid 5–6.
\(^{36}\) Ibid 9.
\(^{37}\) 166 SW 3d 301.
Coastal Oil then petitioned for review to the Supreme Court of Texas.

In delivering the majority judgment on behalf of the Texas Supreme Court, Hecht CJ, along with four of his fellow justices, held that Salinas could not successfully recover damages on the basis of trespass. Actionable trespass in this case required actual injury, and Salinas’ only claim of injury – namely, that Coastal Oil’s fracking operation made it possible for gas to flow from beneath Share 13 to the Share 12 wells – was precluded by the rule of capture. Hecht CJ explained that the rule of capture ‘gives a mineral rights owner title to the oil and gas produced from a lawful well bottomed on the property, even if the oil and gas flowed to the well from beneath another owner’s tract’. 

Salinas submitted that the rule of capture did not apply because fracking was ‘unnatural’, and that stimulating production through fracking that extends beyond one’s property was no different from drilling a deviated or slant well – a well that departs from the vertical significantly – bottomed on another’s property, which was unlawful. Both of these submissions were rejected by Hecht CJ.

In addressing the submission that the rule of capture did not apply because fracking was ‘unnatural’, Hecht CJ stated that the point of this argument was not clear. The argument, in the circumstances of this case, could be interpreted in three ways:

1. that fracking was ‘unnatural’ due to the presence of human intervention in the process;
2. that fracking was ‘unnatural’ in that it was ‘unusual’; or
3. that fracking was ‘unnatural’ in that it was ‘unfair’.

Hecht CJ found each interpretation of little assistance to Salinas’s submission.

First, Hecht CJ held that the presence of human intervention in the fracking process was the very basis for the existence of the rule of capture and not a reason to suspend its application. Secondly, fracking could not be regarded as ‘unusual’ because the technique of fracking had been commonplace throughout the oil and gas industry for some time and was necessary for commercial production of gas resources located in the Vicksburg T formation and many other formations. Thirdly, fracking could

40 Ibid. See also Travis Zeik, ‘Hydraulic Fracturing Goes to Court: How Texas Jurisprudence on Subsurface Trespass will Influence West Virginian Oil and Gas Law’ (2010) 112 W Va L Rev 599, 605.
42 Ibid.
43 Ibid.
44 Ibid.
not be regarded as ‘unfair’ because the law afforded Salinas ample relief: for example, permitting Salinas to use fracking to stimulate production from their own wells and drain the gas to their own property.45

In addressing the submission that stimulating production through fracking that extends beyond one’s property is no different from drilling a deviated or slant well, Hecht CJ observed that:

‘Both produce oil and gas situated beneath another’s property. But the rule of capture determines title to gas that drains from property owned by one person onto property owned by another. It says nothing about the ownership of gas that has remained in place. The gas produced through a deviated well does not migrate to the wellbore from another’s property; it is already on another’s property. The rule of capture is justified because a landowner can protect himself from drainage by drilling his own well, thereby avoiding the uncertainties of determining how gas is migrating through a reservoir. It is a rule of expediency. One cannot protect against drainage from a deviated well by drilling his own well; the deviated well will continue to produce his gas. Nor is there any uncertainty that a deviated well is producing another owner’s gas. The justifications for the rule of capture do not support applying the rule to a deviated well.’46

Hecht CJ offered four reasons not to change the rule of capture to allow one property owner to sue another for oil and gas drained by fracking that extends beyond the lease lines. First, the law already affords the owner who claims drainage full recourse to remedies other than trespass. Examples of such remedies cited by Hecht CJ included:

1. the drained owner who has no well may drill one to offset drainage from his property;
2. the owner may apply to the Railroad Commission for forced pooling of gas captured; and
3. the owner may sue a lessee who has not drilled a well for violation of the implied covenant in the lease to protect against drainage.47

Secondly, Hecht CJ observed that allowing recovery for the value of gas drained by fracking usurps to courts and juries the lawful and preferable authority of the Railroad Commission to regulate oil and gas production.48

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45 Ibid.
48 Ibid 14–16.
Thirdly, Hecht CJ noted that determining the value of oil and gas drained by fracking is an issue that is ill-suited to the adjudicative process. Finally, Hecht CJ opined that the law of capture should not be changed so as to apply differently to fracking because industry stakeholders did not want or need such a change to be made.

The issue of trespass to land through the carrying out of the fracking process has also been considered by the US District Court in West Virginia in two 2012 cases. In both cases, the plaintiffs alleged they suffered injuries as a result of the defendant depositing waste from its drilling operations on the plaintiffs’ lands. In the first case, Whiteman v Chesapeake Appalachia LLC (‘Whiteman’), Mr and Mrs Whiteman (the Whitemans) owned the surface of a parcel of land, which was roughly 41 hectares (101 acres) in size, in Wetzel County, West Virginia. A series of severance deeds had the effect of splitting the subsurface mineral estate from the surface estate. Chesapeake Appalachia (‘Chesapeake’) operated three natural gas wells on a four hectare section of the Whitemans’ property pursuant to its lease of mineral rights. The Whitemans did not lease these mineral rights to Chesapeake; rather, Chesapeake’s rights flowed entirely from its lease with a third party, a prior lessee, whose rights flowed from the deeds severing the minerals. Chesapeake had obtained well work permits and pit waste discharge permits for its gas wells on the Whitemans’ property.

The Whitemans brought proceedings against Chesapeake, alleging that it had committed several tortious wrongs in constructing and subsequently depositing drill cuttings (the pieces of rock and earth dislodged by the drill as it created a bore hole) and waste (such as wastewater and chemically laden fracking fluids used in the drilling) in pits on their land. The Whitemans also submitted that Chesapeake’s actions were a physical intrusion or trespass to their land and, as a result, constituted a violation of their property rights.

In addressing the trespass claim, District Judge Stamp Jr observed at the outset that it was settled law in West Virginia that the owner of subsurface rights to a parcel of land has the right to use the surface land ‘in such a manner and with such means as would be fairly necessary for the enjoyment of the subsurface estate’, and that the issue of unreasonable use of the surface land is one for determination by the court. It was not in dispute between the Whitemans and Chesapeake that Chesapeake held lease rights

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49 Ibid 16.
50 Ibid.
51 873 F Supp 2d 767 (ND W Va 2012).
52 Ibid 772. District Judge Stamp Jr cited Depeterdy v Cabot Oil & Gas Corp, 1999 WL 33229744, 2 (SD W Va 1999) as support for this proposition.
to the minerals beneath the Whitemans’ land. Consequently, the main issue raised in this case was whether Chesapeake’s actions, in constructing and subsequently depositing drill cuttings and waste into pits on the surface land owned by the Whitemans, were reasonably necessary for the extraction of the mineral and whether the waste pits substantially burdened the surface estate.

Stamp J found that the relevant provisions in the statutes, rules and regulations governing the exploration, drilling, storage and production of oil and natural gas in West Virginia relating to pits and impoundments suggested that the creation of the waste pits on Whitemans’ property was both necessary and reasonable. In making this finding, Stamp J noted that prior to the commencement of the well work on the surface land, the Whitemans were given an opportunity to file comments regarding the permit sought by Chesapeake from the regulatory authority for oil and gas waste pit discharge and the maps showing the pit locations. The Whitemans signed a voluntary statement of ‘no objection’ to this permit (or any other permit, for that matter). While observing that the failure to object to this permit did not prevent the Whitemans from bringing a cause of action in trespass, Stamp J noted that it did indicate that the Whitemans were aware of Chesapeake’s intention to dig waste pits and yet they did not raise any concerns about the pits during the pendency of the permit application process.

In relation to the issue of reasonableness of the use of the surface land, the Whitemans further submitted that Chesapeake’s use of the pits was unreasonable because an alternative existed – specifically, the closed-loop system. A closed-loop system is one in which there is no on-site disposal of any waste produced or created during the drilling, completion or other operations phase associated with the well. The process involves separating solids from liquids, and extracting water out of the solids. Solids are dried and, if not contaminated, used to construct access roads or new well pads. Water is reused in the drilling process. Closed-loop drilling systems require all drilling and fracking waste to be stored in tanks and not pits, thereby eliminating the use of pits. Stamp J expressed sympathy for the Whitemans’ concerns, but held that the mere fact that Chesapeake eventually migrated to a closed-loop system did not render its prior use of the pits unreasonable, especially in light of the existing law regulating use of such pits in West Virginia.

54 873 F Supp 2d 767 (ND W Va 2012) 770, 772.
55 Ibid 772, 774.
56 Ibid 775.
57 Ibid.
58 Ibid.
59 Ibid 775–776.
60 Ibid 776.
61 Ibid 776, fn 9.
Thus, the Whitemans’ trespass action failed.\footnote{873 F Supp 2d 767 (ND W Va 2012) 777.}

The second case to be decided by the US District Court in West Virginia involved a virtually identical set of facts, and again involved a plaintiff surface landowner bringing action against Chesapeake. In \textit{Teel v Chesapeake Appalachia LLC},\footnote{Ibid.} the Teels owned the surface estate of approximately 42 hectares (104 acres) of land, known as Blake Ridge, in Wetzel County, West Virginia. In 1959, the then-owner of Blake Ridge entered into a severance deed that split the surface estate and the mineral estate. Starting in 2008, Chesapeake conducted natural gas drilling operations on the Teels’ property. Again, as was the case in \textit{Whiteman}, the subsurface rights of Chesapeake were sourced from a third party lease agreement. Like the Whitemans, the Teels brought proceedings against Chesapeake, alleging that its actions were a physical intrusion or trespass to their land and, as a result, constituted a violation of their property rights. Stamp J, who was also the presiding judge in \textit{Whiteman}, ultimately dismissed the Teels’ trespass claim on similar grounds to those cited in dismissing the Whitemans’ trespass claim.\footnote{Ibid 523–528.}

These particular types of trespass cases are less likely to occur in Australia and New Zealand. Unlike the US, Australian legislation vests ownership of petroleum (including unconventional gas) in the Crown.\footnote{See, eg, Petroleum (Onshore) Act 1991 (NSW), s 6; Mineral Resources Act 1989 (Qld), s 8; Petroleum and Geothermal Energy Act 2000 (SA), s 5; Mineral Resources Development Act 1995 (Tas), s 6; Petroleum Act 1998 (Vic), s 13; Petroleum and Geothermal Energy Resources Act 1967 (WA), s 9.} The Crown (through the relevant minister) can grant rights to licensees to prospect for petroleum and to conduct petroleum mining operations on land of any title or tenure. Licensees thereby recover petroleum and acquire ownership of it. In return, the licensees pay a royalty to the Crown.\footnote{See, eg, Petroleum (Onshore) Act 1991 (NSW), s 9 (grant of petroleum titles), s 29 (rights under exploration licences), s 33 (rights under assessment leases), s 41 (rights under production leases) and s 85 (royalty).}

The Crown, therefore, regulates the petroleum and the protection of the correlative rights of owners above a common reservoir. Consequently, it has been suggested that there is insufficient support for advocating the existence of the rule of capture as a rule of common law in Australia and New Zealand, but, in any event, legislation vesting ownership in the Crown leaves little room for the application of the rule.\footnote{See also Yangmay Downing, ‘Hydraulic Fracturing and Protection in Law from Negative Effects in New Zealand’ (2012) 16 NZ J Envtl L 243, 270.}

Holders of petroleum titles in Australia have the right to carry out the activities authorised by the particular titles, including, for a production lease, the right to construct and maintain works, buildings, plant, waterways,
roads, pipelines, dams, reservoirs, pumping stations, telephone lines, electric power lines and other structures and equipment as are necessary for the full enjoyment of the lease. Australian legislation may therefore authorise use of pits and impoundments on land on which petroleum mining operations are conducted.

Australian legislation further empowers the holder of any prospecting title to seek and obtain access arrangements over land in order to carry out prospecting operations. The legislation also empowers the minister to grant easements or rights of way over lands comprised in petroleum titles as are necessary or appropriate to the development or working of lands comprised in petroleum titles. The minister may also grant temporary rights of way over any land for the construction of access roads to the land comprised in a petroleum title. The legislation, therefore, authorises access over land that would otherwise be a trespass.

Australian legislation does, however, provide a statutory remedy of compensation. The holder of a petroleum title, or a person to whom an easement or right of way has been granted under the legislation, is liable to compensate every person having any estate or interest in any land injuriously affected, or likely to be so affected, by reason of any operations conducted or other action taken in pursuance of the legislation or the petroleum title, easement or right of way concerned. The measure of compensation is limited to damage to the surface of the land, including crops, trees, grasses or other vegetation on it, and any buildings or improvements on it. Damage to the subsurface, including groundwater not expressing itself on the surface, is not compensable. The legislation, therefore, provides a statutory alternative to a common law trespass action to compensate a landowner or occupier for injury caused to the surface of the land by petroleum activities.

**Nuisance**

On a general level, nuisance encompasses acts unwarranted by law that cause inconvenience or damage to the public in the exercise of rights common to all peoples (public nuisance), acts connected with the occupation of land that injure another person in his or her use of land or otherwise interfere with the enjoyment of land or some right connected therewith.

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70 See, eg, Petroleum (Onshore) Act 1991 (NSW), s 41.
71 See, eg, Petroleum (Onshore) Act 1991 (NSW), Pt 4A.
72 See, eg, Petroleum (Onshore) Act 1991 (NSW), s 105.
73 See, eg, Petroleum (Onshore) Act 1991 (NSW), s 106.
74 See, eg, Petroleum (Onshore) Act 1991 (NSW), s 107.
75 See, eg, Petroleum (Onshore) Act 1991 (NSW), s 109.
(private nuisance) and acts or omissions that have been declared by statute to constitute nuisance (statutory nuisance).\(^{76}\) Wrongs that have been held to be nuisances include noxious fumes and pollution.\(^{77}\) Actions in nuisance have been brought regarding unconventional gas projects and their adverse impacts, some successful and some unsuccessful.\(^{78}\)

Perhaps the most comprehensive judicial treatment of nuisance in the context of extraction and production of unconventional natural gas is the case of *Kartch v EOG Resources, Inc* (‘*Kartch*’),\(^{79}\) which was decided in 2012 by the US District Court in North Dakota. Mr and Mrs Kartch (‘Kartch’) owned the surface rights to land located in Mountrail County, North Dakota. Mr Kartch purchased this land in 2004 from the Iversons. The Iversons retained the mineral rights. In 2006, the Iversons leased their mineral interest in the land to Ritter, Laber and Associates, Inc. In 2007, Ritter, Laber and Associates, Inc assigned their lease with the Iversons to EOG Resources, Inc (‘EOG’). In 2008, Kartch was notified that EOG intended to commence drilling operations on the land. The drilling commenced soon thereafter.

After drilling commenced, Kartch brought proceedings against EOG, claiming that its use of a reserve pit when drilling the wells was not reasonably necessary and thus violated chapter 38-11.1 of the North Dakota Century Code (the ‘Code’). Kartch claimed that alternatives to a reserve pit (eg, a closed loop system) existed. Kartch alleged that EOG did not exercise ordinary care in the construction and maintenance of the reserve pit, which resulted in a tear in the liner and contamination of surrounding soil and waters. Kartch further alleged that EOG’s activities on the site – including the use of a reserve pit rather than a reasonable alternative, the burial of toxic waste in the reserve pit, excessive noise and odour, litter and the storage of unnecessary equipment – constituted a private nuisance in violation of the Code.\(^{80}\)

EOG moved for summary judgment. Hovland J granted the motion in respect of all activities claimed to constitute a nuisance other than on the issue of whether EOG reclaimed and maintained the reserve pit in a reasonable manner, which was a triable issue of fact. First, in relation to the use of a reserve pit, the rights of EOG as lessee of the subsurface mineral estate extended to the use of so much of the surface as was reasonably necessary to explore, develop and transport the minerals. Kartch bore the burden of showing that EOG’s use of a reserve pit was unreasonable. The

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\(^{77}\) Walker (n 29) 894; Giliker (n 75) 487.


\(^{79}\) 845 F Supp 2d 995 (ND 2012).

\(^{80}\) *Ibid* 999, 1008.
reasonableness of the method and manner of use of the dominant mineral
estate may be measured by what are usual customary and reasonable practices
in the industry under like circumstances of time, place and servient estate
use.\textsuperscript{81} The evidence established that in 2008 and 2009 when EOG drilled
and reclaimed the well, reserve pits were commonly used in North Dakota.
Hovland J found that EOG’s use of a reserve pit in 2008 and 2009, rather
than a closed-loop system, was therefore not unreasonable.\textsuperscript{82}

Secondly, in relation to Kartch’s complaint of excessive noise produced
by the generators operated by Mountrail-Williams Electric Cooperative for
the wells, Hovland J found no evidence to indicate that the level of noise
generated by EOG’s drilling operations was excessive and that Kartch could
have mitigated their damages by granting an easement to Mountrail-Williams
Electric Cooperative – an action that was not taken.\textsuperscript{83} Thirdly, in relation to
Kartch’s complaint of diminished air quality and excessive odours through
flaring operations, Hovland J noted that the Code required EOG to flare
in circumstances where the gas could not be put to a useful purpose and
that EOG’s flaring operations had not caused any ill effects to either Kartch
or their land (other than annoyances of the smell and sight of the flare).\textsuperscript{84}
Fourthly, Hovland J held that the litter on the site was not a persistent problem
and thus did not meet the threshold of unsanitary conditions that give rise
to a nuisance.\textsuperscript{85} Finally, in relation to the storage of unnecessary equipment
claim, Hovland J noted that Kartch had not claimed any injury from the
stored equipment other than mere displeasure with its presence, and that
such displeasure did not constitute a nuisance under North Dakota law.\textsuperscript{86}

In 2013, in \textit{Strudley v Antero Resources Corporation},\textsuperscript{87} the Colorado Court
of Appeals reversed a ruling by the District Court for the City and County
of Denver that had dismissed the Strudley family’s toxic tort action against
natural gas defendants for failure to present prima facie evidence supporting
their claims after initial disclosures but before other discovery commenced.
Such an order was based on the order made in \textit{Lore v Lone Pine Corp},\textsuperscript{88}
known as a \textit{Lone Pine} order. The Colorado Court of Appeals held that the

\begin{itemize}
\item \textsuperscript{81} Citing \textit{Hunt Oil Co v Kerbaugh}, 283 NW\textsuperscript{2d} 131 (ND, 1979), 136.
\item \textsuperscript{82} \textit{Kartch}, n 77 above, 1002–1006.
\item \textsuperscript{83} \textit{Ibid} 1009–1010.
\item \textsuperscript{84} \textit{Ibid} 1011.
\item \textsuperscript{85} \textit{Ibid}.
\item \textsuperscript{86} \textit{Ibid} 1012.
\item \textsuperscript{87} 2013 WL 3427901 (Colo App).
\item \textsuperscript{88} 1986 WL 637507 (NJ Super Ct Law Div 1986).
\end{itemize}
trial court lacked authority to issue a *Lone Pine* order\(^9\) but, in any event, the circumstances did not warrant a *Lone Pine* order, as the suit was not a mass tort case.\(^9\) Rather, it involved four family members suing four defendants for the alleged pollution of only one parcel of land.\(^9\) The Strudleys’ complaint was that the companies committed tortious acts (including nuisance) when chemicals and contaminants from their drilling activities at three well sites polluted the air, water and ground near and around their home, and that those acts caused property damage as well as personal and physical injuries.\(^9\) The case was neither complex nor cost intensive, and expert testimony would not be extensive.\(^9\) By issuing a *Lone Pine* order, the trial court had unduly interfered with the Strudleys’ opportunity to prove their claims. The order was therefore reversed and the Strudleys’ claims reinstated and remanded to the trial court.\(^9\)

In April 2014, in *Parr v Aruba Petroleum Inc*,\(^9\) the first final judgment upholding an action in private nuisance, a jury of the Texas County Court at Law found that Aruba intentionally created a private nuisance and awarded $2.925m in damages to the Parr family whose ranch and family home were located within two miles (3.2 km) of more than 20 gas wells operated by Aruba. The Parrs claimed that volatile organic compounds released by Aruba’s drilling operations contained harmful chemicals that invaded their property and caused personal injury and property damage. The jury’s verdict included $2m for past physical pain and suffering, $250,000 for future physical pain and suffering, $400,000 for past mental anguish and $275,000 for loss of market value on the family’s home.

Subsequently, in June 2014, the Dallas County Court of Law denied, without comment, Aruba’s motion to disregard jury findings and for judgment notwithstanding the verdict.\(^9\) Aruba had argued that the type of damages awarded to the Parrs would have required them to present expert evidence, which the Court recognised was lacking, and moreover there was no legally sufficient evidence that Aruba had the intent necessary to support a claim of intentional nuisance or that Aruba’s conduct proximately caused the Parrs’ claimed injuries.

The hurdles a landowner may face in satisfying the threshold of nuisance

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\(^9\) In the *Lone Pine* case, the plaintiffs alleged personal injury and property damage from exposure to a New Jersey landfill. The Court ordered the plaintiffs to produce specific evidence of both exposure and medical causation before imposing on the defendants the burden of costly discovery.

\(^9\) *Strudley*, n 87 above, [36].

\(^9\) *Ibid*.

\(^9\) *Ibid* [4].

\(^9\) *Ibid* [37].

\(^9\) *Ibid* [41].

\(^9\) No 11-1650 (Dallas Co Ct at Law, Jury Verdict 22 Apr 2014).

\(^9\) *Parr v Aruba Petroleum Inc* No 11-1650 (Dallas Co Ct at Law, 19 June 2014).
under law are well illustrated by the 2011 decision of *Natale v Everflow Eastern Inc.*

Mr Natale, a resident of Warren, Ohio, alleged that in 2004, Everflow erected an oil and gas well and several storage tanks on the property of his next-door neighbour, Mr Harris. Mr Natale alleged that the location of these tanks had created such an offensive smell, sight and noise that he had been deprived of the enjoyment of his property and that Everflow had increased the level of flood water on his property. It was submitted that this gave rise to private nuisance.

The Trumbull County Court of Common Pleas entered summary judgment in favour of Everflow with respect to Mr Natale’s claims based on nuisance. It found that Mr Natale’s evidence in relation to Everflow’s dumping fill, removing trees from his property and locating its well on the Harris property after obtaining city and state approval was insufficient to establish a nuisance. The Court also found that the placement of the well and its operation did not constitute a nuisance based on negligence. Moreover, the Court found that the operation of the well was not a nuisance per se because the operation of the well was carried out subject to state approval. Mr Natale appealed the Court’s decision to the Court of Appeals of Ohio, which held that the trial court did not err in granting summary judgment in favour of Everflow on the various nuisance claims and affirmed the decision at first instance (Cannon and Rice, Grendell JJ dissenting).

An action for nuisance is subject to statutory authority to commit the particular acts that constitute the nuisance. Statutory authority is a defence to an action in nuisance, but only if statutory authority to commit a nuisance is expressly given or necessarily implied by the statute authorising the commission of the acts. The latter will apply where a statute authorises the use of land in a way that will inevitably involve a nuisance, even if every reasonable precaution is taken.

As noted earlier, petroleum legislation in Australia vests ownership of petroleum (including unconventional gas) in the Crown, which can grant to licensees rights to conduct petroleum prospecting and production operations on any land, including constructing and operating various works, buildings, plant, structures and equipment on the land. Consents and licences under planning and environmental legislation also authorise the carrying out of petroleum mining operations. In order for these statutes,

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98 959 N E 2d 602, 605.
99 Ibid 606.
100 Ibid.
101 Ibid.
102 Ibid 605–612.
and the various licences issued under the statutes, to provide a defence to an action in nuisance, they must authorise the doing of the acts in the manner that constitutes the nuisance. If, for instance, the licences require the use of best practicable means to prevent air or water pollution, they cannot be read as expressly or impliedly authorising such pollution that constitutes the nuisance.\(^\text{104}\) If, however, the licences authorise the doing of particular acts in a manner that constitutes the nuisance, an individual who is injured thereby cannot maintain an action in nuisance but must rely on a remedy given by the statutes, such as compensation.\(^\text{105}\)

**Negligence**

It has been said\(^\text{106}\) that the classic formulation of negligence is that provided by Alderson B: ‘Negligence is the omission to do something which the reasonable man, guided upon those considerations which ordinarily regulate the conduct of human affairs would do, or doing something which a prudent and reasonable man would not do.’\(^\text{107}\) The elements of the cause of action of negligence have been concisely described by Professor Prue Vines as follows:

1. A duty, recognised by law, requiring conformity to a certain standard of conduct for the protection of others against unreasonable risks. This is commonly known as the “duty issue”.
2. Failure to conform to the required standard of care or briefly, breach of that duty. This element usually passes under the name of “negligence”.
3. Material injury resulting from the breach to the interests of the plaintiff... This element is known as “causation”.
4. Not only must the defendant’s breach of duty have been a cause of the injury, it must not have been too remote. This is generally referred to as the question of “remoteness of damage” or “proximate cause”.
5. The absence of any conduct by the injured party prejudicial to his recovering in full for the loss he has suffered. This involves a consideration of two specific defences, contributory negligence and voluntary assumption of risk.’\(^\text{108}\)

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104 Barr, n 103 above, [97].
105 Metropolitan Water, Sewerage and Drainage Board v OK Elliott Ltd (1934) 52 CLR 134, 143.
106 See Barbara McDonald, ‘Standard of Care’ in Carolyn Sappideen and Prue Vines (eds), Fleming’s The Law of Torts (10th edn, Lawbook Co 2011), 123, 123.
107 Blyth v Birmingham Waterworks Co (1856) 11 Ex 781, 784; 156 ER 1047, 1049.
The tort of negligence loomed large in the 2013 case of Roth v Cabot Oil & Gas Corporation (the ‘Roth case’).\(^{109}\) In this case, Mr and Mrs Roth (‘Roth’) owned land in Springville, Pennsylvania. Cabot Oil & Gas Corporation (‘Cabot’) was a Delaware corporation headquartered in Houston, Texas that engaged in various oil and gas exploration and production activities. In March 2008, a representative of Cabot visited Roth’s property for the purpose of executing an oil and gas lease agreement in order to obtain the legal right to drill on or near Roth’s property and extract natural gas from the property. Cabot’s representative offered several warranties to Roth in negotiating the lease (e.g., Cabot would test Roth’s pond and water supplies prior to and after commencement of drilling operations to ensure that the water would not be adversely affected; Roth’s persons, property and land resources would be undisturbed by the operations; Roth’s quality of life and use and enjoyment of the property would not be disrupted or adversely affected and so on).\(^{110}\)

Cabot’s drilling operations, which commenced in April 2010, involved the use of fracking. By August 2010, Roth began to notice that the groundwater supply on the land had diminished in quality, containing excess sedimentation and appearing brown and cloudy. The Department of Environmental Protection subsequently cited Cabot on several occasions for non-compliance with state laws by failing to dispose of drill fluids in a manner that prevents pollution of waters.\(^{111}\)

Roth brought proceedings against Cabot that involved, among other things, claims of negligence and negligence per se. Roth generally asserted that Cabot had been responsible for allowing the groundwater supply to become contaminated, and argued that this contamination had resulted in Roth suffering loss of use and enjoyment of the land and a reduced quality of life. Cabot put on a motion seeking summary dismissal of Roth’s complaint.

The task for the US District Court in Pennsylvania was to determine whether Roth’s proceedings should be summarily dismissed. Ultimately, Jones J decided that the motion should be granted in part and denied in part. In determining whether a particular claim (e.g., negligence) should be summarily dismissed, Jones J observed that the making of this determination involved two tasks. First, a court must identify all factual allegations that constitute nothing more than ‘legal conclusions’ or ‘naked assertions’.\(^{112}\) Such allegations were said to not be entitled to the assumption of truth and must be disregarded for the purposes of resolving a motion for summary dismissal. Secondly, the court must identify the nub of the complaint, that

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\(^{109}\) 919 F Supp 2d 476 (MD Pa 2013).

\(^{110}\) Ibid 482.

\(^{111}\) Ibid 483.

\(^{112}\) Ibid 481.
is, the well-pleaded, non-conclusory factual allegations. Taking these allegations as true, the judge must then determine whether the complaint states a plausible claim for relief. In making that determination, the judge must consider whether there are enough facts to raise a reasonable expectation that discovery will reveal evidence of the necessary elements to make out a cause of action.

With respect to Roth’s negligence claim, Cabot broadly submitted that Roth had stated no facts in support of this claim but instead only legal conclusions to which the Court was required to not give any assumption of truth. This submission was firmly rejected by Jones J, who held that Roth satisfied the pleading burden for each of the four elements necessary for making out a claim for negligence in Pennsylvania, namely: duty, breach, causation and harm.

First, there was no dispute that Cabot had a duty to Roth to conform to a certain and articulable standard of conduct in undertaking oil and gas operations on Roth’s land. Secondly, Roth satisfied the element of breach by pleading that Cabot had used improper drilling techniques and materials and that it had constructed, and failed to remedy, deficient and ineffective well casings and waste disposal pits in violation of this standard of conduct. Thirdly, Jones J observed that the temporal and physical proximity of Cabot’s action to Roth’s harm, and the lack of contemporaneous and alternative sources of the contamination, permit the reasonable inference that Cabot was responsible for that harm. Jones J was unpersuaded, at such a preliminary stage in the proceedings, by Cabot’s argument that causation had not been established. Hence, Jones J found that Roth had satisfactorily pleaded that it had suffered injury as a result of Cabot’s conduct.

It should also be noted that Roth brought a claim against Cabot for negligence per se. In Pennsylvania, negligence per se has been defined as: ‘[C]onduct, whether of action or omission, which may be declared and treated as negligence without any argument or proof as to the particular surrounding circumstances. Pennsylvania recognises that a violation of a statute or ordinance may serve as the basis for negligence per se... In order to prove a claim based on negligence per se, the following four

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113 Ibid.
114 Ibid 481–482.
115 Ibid 482.
116 Ibid 486.
117 Ibid 486–487.
118 Ibid 486.
119 Ibid 487.
120 Ibid.
121 Ibid.
requirements must be met: (1) the purpose of the statute must be, at least in part, to protect the interest of a group of individuals, as opposed to the public generally; (2) the statute or regulation must clearly apply to the conduct of the defendant; (3) the defendant must violate the statute or regulation; and (4) the violation of the statute or regulation must be the proximate cause of the plaintiff’s injuries.122

Jones J ultimately held that Roth had satisfied each of these four elements of the pleading burden with respect to the negligence per se claim.123 The Roth’s negligence claims were, therefore, not summarily dismissed and instead allowed to proceed to discovery and trial.

In *Fiorentino v Cabot Oil & Gas Corporation* (‘Fiorentino’),124 a 2010 decision, 63 individuals (the plaintiffs) alleged that they had executed leases with Cabot that conferred upon Cabot the right to extract natural gas from their properties. The plaintiffs brought proceedings alleging that Cabot had improperly conducted fracking and other natural gas production activities that resulted in contamination of the plaintiffs’ land and groundwater.125 One of the causes of action relied upon by the plaintiffs was negligence per se. It may be recalled that in the *Roth* case, Cabot had sought summary dismissal of all negligence-related claims brought by Roth. By contrast, in *Fiorentino*, Cabot only sought to strike the negligence per se claim from the plaintiffs’ complaint. Cabot did, however, succeed in having a gross negligence claim summarily dismissed on the basis that this cause of action was not recognised under Pennsylvania law.

The presiding judge in *Fiorentino* was Jones J, who would later go on also to decide *Roth* (as discussed above). With respect to the negligence per se claim in *Fiorentino*, Jones J ultimately held that the claim was neither impertinent nor immaterial to the plaintiffs’ complaint, noting that the allegations of negligence per se were well pleaded and, if later proven, would be entirely relevant to the plaintiffs’ negligence claim.126 As a result, Cabot’s motion to strike the negligence per se claim from the plaintiffs’ complaint was denied.127

To date, there has not yet been a final judgment upholding an action in negligence for damage or loss caused by fracking specifically, and unconventional gas extraction and production more generally. Notwithstanding this, the potential does exist. The cases of *Roth* and *Fiorentino* tend to suggest that at least some courts will be minded to permit negligence

124 750 F Supp 2d 506 (MD Pa 2010).
125 Ibid 509.
126 Ibid 516.
127 Ibid.
claims pleaded by plaintiffs to progress to trial without being summarily dismissed. This can be contrasted with cases involving negligence claims relating to loss or harm suffered from climate change, as many of these cases have been summarily dismissed by the courts.\textsuperscript{128} The main reasons for summary dismissal have been non-justiciability of the claims, plaintiff’s lack of standing and displacement of the common law of torts by the environmental statutes. More substantively, however, cases involving negligence claims relating to loss or harm suffered from climate change are much harder to prove than cases involving negligence claims relating to loss or harm suffered from fracking or the operation of unconventional gas projects or activities.\textsuperscript{129}

The experience to date suggests that tortious claims relating to unconventional natural gas projects or activities may constitute viable causes of action in some circumstances. In this regard, it is likely that the courts will see an increased number of cases involving tortious claims. The process of enacting statutes and other legislative instruments to regulate unconventional gas projects and activities remains in its early stages in many jurisdictions. Until such regulatory regimes are finalised and commence operation, it seems likely that prospective plaintiffs may, in the short term, rely on common law actions such as trespass, nuisance and negligence.

**Contract law**

There have been some unconventional gas cases in the US that have involved causes of action based in the law of contract. For the most part, these cases have focused on whether an oil and gas lease may be terminated by one party due to the occurrence of some supervening event that renders performance, if not impossible, at least fundamentally different from what was contemplated, or because of a breach by one party in a fundamental respect.

In two cases, the supervening event was a government memorandum requiring gas producers to undertake environmental impact assessment and apply for a horizontal drilling permit. Compliance with the memorandum delayed full gas production.

In the first case of *Wiser v Enervest Operating LLC* (`Wiser`),\textsuperscript{130} decided in 2011, the plaintiffs owned property located within Broome County, New York. Collectively, the land owned by the plaintiffs covered an area in excess of 400 hectares (1,000 acres) and was situated above several geological formations containing natural gas and oil, including the Marcellus Shale.


\textsuperscript{129} Ibid 6–8.

\textsuperscript{130} 803 F Supp 2d 109 (ND NY 2011).
Trenton Black River, Oriskany, Herkimer and Utica formations. Between 29 October 1999 and 15 February 2000, the plaintiffs entered into ten-year leases with Belden & Blake Corporation (‘B&B’) (a subsidiary of Enervest) permitting the exploration for gas and oil on their properties. The leases, which were all identically worded for the purposes of the motions before the Court (see below), conferred a right upon B&B to extract gas, oil or hydrocarbon substances indefinitely for as long as gas was produced in paying quantities. Under the leases, B&B was also required to pay annual delay rental payments until drilling began. A force majeure clause was also included in each lease.132

In July 2008, the New York Governor issued a memorandum requiring that the state perform an environmental study of the effects of horizontal drilling and fracking. This memorandum seemingly did not entirely prohibit drilling; it required producers to apply to the New York Department of Environmental Conservation for a permit allowing horizontal drilling in the Marcellus Shale formation after conducting an independent, site-specific environmental impact statement.133 During the ten-year primary term of each site-specific lease, no wells were drilled on the plaintiffs’ lands. B&B made the annual delay rental payments to the plaintiffs until December 2008. No delay rental payments were made in 2009 and the payments offered in 2010 were rejected by the plaintiffs.

The plaintiffs brought proceedings in the US District Court in New York, asserting, among other claims, that the leases were rendered void after B&B had failed to make the required delay rental payments. B&B filed a counterclaim, arguing that the Governor’s memorandum created a de facto moratorium and qualified as a force majeure thereby extending the primary term of each lease until completion of the supplemental generic environmental impact statement and excusing the delay rental payments that were contractually required. Both parties moved for summary judgment.134

The Court (Magistrate Judge Peebles) granted the plaintiffs’ motion for summary judgment. Judge Peebles assumed that the moratorium did trigger the force majeure clause, so that any delay or interruption was not counted against B&B, with the effect of extending indefinitely the primary terms

131 A force majeure (literally, act of God) clause ‘generally operates to discharge a contracting party when a supervening, sometimes supernatural, event, beyond control of either party, makes performance impossible. The common thread is that of the unexpected, something beyond reasonable human foresight and skill’: see Atlantic Paper Stock Ltd v St Anne-Nackawic [1976] 1 SCR 580, 583.
133 Ibid 113–114.
of the leases. Proceeding on that basis, Judge Peebles observed that this required the defendants to continue to make timely delay rental payments indefinitely so as to avoid termination of the leases. The failure of B&B to do so rendered the leases void.

In the second case of *Aukema v Chesapeake Appalachia LLC* (‘Aukema’), decided in 2012, the plaintiffs sought summary judgment on the basis that certain oil and gas leases entered into between the parties expired at the conclusion of the primary terms of those leases and that the terms had not been extended by payment or force majeure (namely, the Governor’s memorandum of 2008 as in *Wiser*). Hurd J found that even if the Governor’s memorandum constituted a force majeure event, it did not prevent Chesapeake from performing under the terms of the leases. Under the leases, it was entitled to explore for natural gas and oil, and if gas or oil was discovered and subsequently drilled producing marketable gas or oil, to tender royalty payments to the plaintiffs. As Chesapeake did not have an obligation to drill, the invocation of force majeure to relieve Chesapeake from its contractual duties was unnecessary.

In addition to relying on force majeure, Chesapeake submitted that the leases should be extended based on the doctrine of frustration of purpose. That doctrine excuses performance of contractual obligations when a ‘virtually cataclysmic, wholly unforeseeable event renders the contract valueless to one party’. Hurd J held that the Governor’s memorandum was a foreseeable event and did not prevent Chesapeake achieving the purpose of the leases (ie, to explore, drill, produce and otherwise operate for oil and gas and their constituents). The only thing Chesapeake was unable to do was to drill horizontally using fracking. Even if other, more conventional drilling methods were impractical, mere impracticability was not enough to excuse performance. As a result, Chesapeake could not rely on the doctrine of frustration of purpose to extend the leases and summary judgment was made in favour of the plaintiffs on the issues of force majeure and the doctrine of frustration of purpose.

In the 2011 case of *Hite v Falcon Partners*, the plaintiffs entered into oil and gas leases with persons who assigned their interests to Falcon Partners

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135 Ibid 121 and 126.
136 Ibid 112, 121–122, 126.
137 Ibid 112, 126.
138 904 F Supp 2d 199 (ND NY 2012).
140 See *United States v Gen Douglas MacArthur Senior Vill Inc*, 508 F 2d 377, 381 (2d Cir 1974).
141 904 F Supp 2d 199 (ND NY 2012), 210–211.
142 Ibid 212–213.
143 13 A 3d 942 (Superior Court Pa 2011).
granting rights to drill oil and gas in, on and under the plaintiffs’ land. At no stage during the primary terms of the leases did Falcon Partners commence drilling operations. Delayed rental payments were required under the leases until production began so Falcon Partners duly sent cheques to the plaintiffs for $2 per acre (approximately 0.4 hectares) for each day that drilling did not take place. After the plaintiffs were presented with offers from competing gas companies, they sent Falcon Partners a termination letter as a result of its inaction and expressed their intention to enter into new leases.\textsuperscript{144} The plaintiffs brought proceedings against Falcon Partners, arguing that the delayed rental payments only protected Falcon Partners’ drilling rights during the primary terms of the leases and that if these terms expired before production began, Falcon Partners lost its drilling rights. Falcon Partners submitted that the delayed rental payments protected its mineral interests, and bound the plaintiffs to the terms of the leases.

The Superior Court of Pennsylvania (Stevens J delivering the majority opinion) held that payment of delay rentals functioned to release Falcon Partners of the obligation to develop the leasehold during the primary term of the lease. Once that primary term expired, however, the mere payment of delay rentals alone did not preserve Falcon Partners’ drilling rights.\textsuperscript{145} Falcon Partners could not postpone development indefinitely by the mere payment of delay rentals.\textsuperscript{146} The Court affirmed the lower court’s summary judgment in favour of the plaintiffs.

A different type of contract case involved the alleged presence of a vitiating factor, a fraudulent representation, which rendered the contract void. In \textit{Harrison v Cabot Oil and Gas Corporation},\textsuperscript{147} a 2012 decision, Harrison owned property in Susquehanna County, Pennsylvania. He had entered into an oil and gas lease with Cabot. In bringing proceedings against Cabot, Harrison alleged that he was fraudulently induced to enter into the oil and gas lease with Cabot by Cabot’s promise to pay a bonus per acre as well as royalty payments. Cabot counterclaimed for equitable extension of the lease, and moved for summary judgment.\textsuperscript{148}

The US District Court (Mariani J) held that there was no evidence to suggest that Cabot’s representative knowingly misstated the per acre amount that Cabot would be willing to pay as a bonus to Harrison for entering into a lease, or that Cabot authorised the representative’s statements in circumstances where it knew them to be false, as required under Pennsylvania

\textsuperscript{144} \textit{Ibid} 944.
\textsuperscript{145} \textit{Ibid} 948.
\textsuperscript{146} \textit{Ibid} 948–949.
\textsuperscript{147} 887 F Supp 2d 588 (MD Pa, 2012).
\textsuperscript{148} \textit{Ibid} 589.
law to support a cause of action relating to fraudulent inducement.\textsuperscript{149} Mariani J therefore granted Cabot’s motion for summary judgment on Harrison’s fraudulent inducement claim.\textsuperscript{150} Mariani J further held that Harrison did not effectively repudiate the lease by bringing the action against Cabot, and thus Cabot was not entitled to an equitable extension of the lease term.\textsuperscript{151}

\textbf{Administrative law and civil enforcement}

Administrative disputes resolved by the courts may be grouped into four categories: merits review of administrative decisions, appeals against administrative orders, judicial review of the exercise of legislative and executive powers and functions, and civil enforcement of laws.\textsuperscript{152} There have not yet been cases involving merits review of administrative decisions or appeals against administrative orders concerning unconventional gas projects. There have been, however, cases involving judicial review of decisions concerning unconventional gas projects and civil enforcement of legislation regulating unconventional gas.

\textit{Judicial review}

Judicial review involves the review by a court with supervisory jurisdiction of the legality of the exercise of legislative and executive powers and functions. Judicial review does not permit a court to consider the merits of administrative actions. It stands in contrast to merits review. The right to seek judicial review may be derived from the common law (in common law countries) or statute (in civil and common law countries where there is codification of judicial review of administrative action). The types of administrative conduct and decisions able to be reviewed, the grounds of review, the intensity of review and the remedies available will vary depending upon the source and the terms of the right of judicial review. Judicial review is a means of enforcement of the law: the court reviews legislative and executive action or inaction of government to ensure that it is within constitutional and legal boundaries.

A substantial number of judicial review proceedings relating to unconventional natural gas have been brought by persons and non-governmental organisations

\textsuperscript{149} \textit{Ibid} 593–594.
\textsuperscript{150} \textit{Ibid} 594.
\textsuperscript{151} \textit{Ibid} 594–598.
in several jurisdictions, including the US, Canada, the United Kingdom and Australia. The discussion below considers some of the important or interesting cases from each of these jurisdictions.

In the US, in *Coalition for Responsible Growth and Resource Conservation v United States Federal Regulatory Commission*, decided in 2012, the plaintiffs (a coalition of environmental non-governmental organisations) petitioned for review of orders made by the US Federal Energy Regulatory Commission (FERC) prior to allowing a proponent gas company to build and operate a 39 mile (62.8 km) natural gas pipeline in Pennsylvania. The plaintiffs submitted that the FERC’s environmental assessment inadequately assessed the cumulative impact of the project by failing to consider the environmental impacts associated with the development of the Marcellus Shale natural gas reserves as part of the impacts of the pipeline development.

Ultimately, the Second Circuit of the US Court of Appeals disagreed with the plaintiffs’ submission and held that the FERC’s environmental assessment complied with the requirements of the National Environmental Policy Act 1969. It observed that the FERC had included a short discussion of the development of the Marcellus Shale natural reserves in the environmental assessment and the FERC had reasonably concluded that the impacts of that development were not sufficiently causally related to the project to warrant a more in-depth analysis. In addition, the FERC’s discussion of the incremental effects of the project on forests and migratory birds was sufficient. The Court also noted that the environmental concerns raised by the plaintiffs had been considered and addressed by the FERC’s environmental assessment and the actions it had taken in response to that assessment (eg, imposing conditions requiring implementation of various management plans for migratory birds, forests and habitat restoration).

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154 See *Dene Tha’ First Nation v British Columbia (Minister of Energy and Mines)* [2013] BCSC 977.

155 See *Europa Oil and Gas Limited v Secretary of State for Communities and Local Government and Others* [2013] EWHC 2643 (Admin).

156 See *Fullerton Cove Residents Action Group Incorporated v Dart Energy (No 2) [2013]* NSWLEC 38; *Barrington-Gloucester-Stroud Preservation Alliance Inc v Minister for Planning and Infrastructure* [2012] NSWLEC 197; (2012) 194 LGERA 113.


158 Ibid 474.

159 Ibid 474–475.

160 Ibid.

161 Ibid 474.

162 Ibid 474–475.
In *Center for Biological Diversity v Bureau of Land Management*, a 2013 decision, environmental organisations brought action against the Bureau of Land Management (BLM) and the Department of Interior, seeking declaratory and injunctive relief under the Administrative Procedure Act 1946 challenging the defendants’ decision to sell four oil and gas leases for approximately 2,700 acres (approximately 1092.7 hectares) of federal land in Monterey and Fresno counties in California. The plaintiffs sought summary judgment arguing that the leases were sold in violation of the National Environmental Policy Act 1969 (NEPA) and the Mineral Leasing Act 1920. The US District Court (Magistrate Judge Grewal) held that the BLM had violated NEPA in its environmental assessment of the leases by unreasonably relying on an earlier single-well development scenario. That scenario did not adequately consider the development impact of fracking techniques when used in combination with technologies such as horizontal drilling. Not only was the environmental assessment erroneous as a matter of law, the BLM’s finding of no significant impact based on the assessment and resulting decision not to prepare an environmental impact statement was also erroneous as a matter of law. The Court therefore granted the plaintiffs’ motion for summary judgment as to the NEPA claims.

In 2014, in *Wallach v Town of Dryden*, two oil and gas operators, Norse Energy Corp USA (‘Norse’) and Cooperstown Holstein Corporation (CHC), challenged the validity of zoning amendments made by two towns in the State of New York, Dryden in Tomkins County and Middlefield in Otsego County. Dryden’s zoning amendments prohibited gas exploration, extraction and storage activities in its municipal boundaries and purported to invalidate any oil and gas permit issued by a state or federal agency. Middlefield’s zoning amendment classified a range of heavy industrial uses, including oil, gas and solution mining and drilling, as prohibited uses.

Norse asserted that Dryden lacked the authority to prohibit gas exploration and extraction activities, including fracking, because section 23-0303(2) of the Environmental Conservation Law – the supersession clause in the Oil, Gas and Solution Mining Law (OGSML) – demonstrated that the state legislature intended to pre-empt local zoning laws that curtailed energy production. In response, Dryden moved for summary judgment, seeking a declaration that the zoning amendment was a valid exercise of its home rule powers. The Supreme Court, Tomkins County, granted Dryden’s motion and declared the amendment valid with one exception – it struck down the

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163 2013 WL 1405938 (ND Cal).
164 Ibid 1.
165 Ibid 15.
166 2014 WL 2921399 (NY).
provision invalidating state and federal permits. The Appellate Division affirmed, rejecting Norse’s claim that the OGSML pre-empted Dryden’s zoning amendment. The New York Court of Appeals granted Norse leave to appeal.

CHC challenged Middlefield’s zoning law contending that it was pre-empted by the supersession provision in the OGSML. CHC and Middlefield each moved for summary judgment. The Supreme Court, Otsego County, denied CHC’s motion and granted Middlefield’s cross-motion to dismiss the complaint, upholding the legality of the zoning law. The Appellate Division affirmed. The New York Court of Appeals granted CHC leave to appeal.

The Court of Appeals held that towns may ban oil and gas production, including fracking, within municipal boundaries through the adoption of local zoning laws because the supersession clause in the OGSML does not pre-empt the home rule authority vested in municipalities to regulate land use. The orders of the Appellate Division were therefore affirmed.

In the 2013 Canadian case of Dene Tha’ First Nation v British Columbia (Minister of Energy and Mines), the Crown, through the Ministry of Energy and Mines (MEM), disposed of 21 parcels of subsurface oil and gas tenures located in the Cordova Embayment Boundary Area in the north-eastern corner of British Columbia. These tenures conferred on their holders the exclusive right to apply to the Oil and Gas Commission for the approval of exploration and extraction activities (relating to potential shale gas development) on the parcels. At the time of the litigation, Nexen Inc, Penn West Petroleum Ltd and Vero Energy Inc were the holders of those parcels. All 21 parcels were located within the traditional territory of the Dene Tha’ First Nation (DTFN) and thus were within the geographical scope of Treaty No 8 (1899), to which DTFN was a signatory.

DTFN sought judicial review of the decision of the MEM to sell the parcels, asking for a declaration that the Crown had breached a constitutional duty to consult with and accommodate DTFN in relation to potential adverse impacts from the parcel sales. DTFN also sought an order setting aside the parcel sales on the basis of the alleged failure to consult and accommodate
DTFN appropriately, or alternatively, a stay in relation to the development of the parcels until the Crown had fulfilled its constitutional obligations.\textsuperscript{176} Thus, the issue before the British Columbia Supreme Court was whether, in disposing of the 21 tenure parcels pursuant to a policy of shale gas development, the Crown fulfilled its constitutionally mandated obligations arising from Treaty No 8 (1899).

The British Columbia Supreme Court (Grauer J) held that, in all of the circumstances, the Crown had correctly assessed the scope and extent of its duty to consult with the DTFN in relation to the disposition of the tenure parcels in question,\textsuperscript{177} engaging in consultation at the middle level of the spectrum outlined in the Supreme Court of Canada’s decision in \textit{Haida Nation v British Columbia (Minister of Forests)}.\textsuperscript{178} His Honour further found that the consultation process utilised by the Crown was reasonable in the circumstances, having regard to the required scope of consultation, the ongoing nature of the process and the steps taken and available to mitigate potential harm.\textsuperscript{179} As a consequence of these findings, Grauer J dismissed the DTFN’s judicial review challenge.\textsuperscript{180}

In the UK, there is the recent 2013 case of \textit{Europa Oil and Gas Limited v Secretary of State for Communities and Local Government and Others}.\textsuperscript{181} Europa Oil and Gas Limited (Europa) applied to Surrey County Council for planning permission for exploration and appraisal through testing of hydrocarbons in an area in the Metropolitan Green Belt. The proposed development would involve offset drilling. It would be conducted in four phases: site clearance and preparation, equipment assembly and drilling operations, testing and evaluation (if hydrocarbons are found), and site reinstatement.\textsuperscript{182} Surrey County Council refused permission. Europa appealed. The inspector dismissed this appeal. Europa challenged, by judicial review proceedings, the inspector’s decision. Among the grounds of challenge, Europa contended the inspector had wrongly concluded that the development was neither mineral extraction nor engineering operation and so was not appropriate development for the purposes of the applicable planning policy documents.\textsuperscript{183}

Ouseley J held that the inspector did err in not finding that the development was not ‘mineral extraction’ within each planning policy

\textsuperscript{176} Ibid [3].
\textsuperscript{177} Ibid [137].
\textsuperscript{178} [2004] 3 SCR 511.
\textsuperscript{179} [2013] BCSC 977, [137].
\textsuperscript{180} Ibid [138].
\textsuperscript{181} [2013] EWHC 2643 (Admin).
\textsuperscript{182} Ibid [1], [2].
\textsuperscript{183} Ibid [6].
document. \(^{184}\) The phrase ‘mineral extraction’ is not synonymous with and exclusively confined to ‘production’, but also covers the inevitable precursor steps of exploration and appraisal where they are necessary. The three phases of oil and gas production, namely exploration, appraisal and production, are components of the one, overall process of extraction. \(^{185}\) However, Ouseley J held that the inspector did not make an error in his conclusion that the development was not an ‘engineering operation’. It was a matter of fact and degree whether the engineering works involved were sufficient to make the development an ‘engineering operation’. \(^{186}\)

Ouseley J next considered whether, notwithstanding the inspector’s error in not finding the development to be for mineral extraction, the error did not affect the inspector’s decision to refuse permission. Ouseley J held that he was not satisfied that without the error the decision would inevitably have been the same. \(^{187}\)

In Australia, there are two judicial review cases, both in the Land and Environment Court of New South Wales. The first is \textit{Barrington-Gloucester-Stroud Preservation Alliance Inc v Minister for Planning and Infrastructure}. \(^{188}\) In 2011, the Minister for Planning (by his delegate, the Planning Assessment Commission) granted two approvals, namely a concept plan approval and major project approval, to the Gloucester Gas Project. This development involved the extraction, processing and transport of CSG. The approvals, which were issued under the then in-force Part 3A of the Environmental Planning and Assessment Act 1979 (NSW) (EPA Act), were subject to several conditions pertaining to groundwater, wastewater and gas well locations. \(^{189}\)

The Preservation Alliance sought judicial review of the decisions made and approvals granted by the Planning Assessment Commission (PAC) as delegate for the Minister. It raised two main grounds of challenge. First, it claimed that particular conditions contained in the project approval relating to groundwater and wastewater left open the possibility of a significantly different development from that for which approval was sought and granted and were, therefore, uncertain. Secondly, it claimed that the PAC failed to correctly formulate and properly consider the precautionary principle when making its decision to issue the project approval. \(^{190}\)

Pepper J disagreed with both of the Preservation Alliance’s submissions. First, her Honour held that the impugned conditions, properly construed,
were within the permissible limits of the power pursuant to which they were imposed and were not uncertain in relation to the environmental impacts of the Gloucester Gas Project.\textsuperscript{191} Secondly, Pepper J found that, while the precautionary principle was a mandatory relevant consideration forming part of the public interest,\textsuperscript{192} the PAC had adequately considered this principle of ecologically sustainable development when granting the project approval.\textsuperscript{193}

The second case is \textit{Fullerton Cove Residents Action Group Inc v Dart Energy Ltd (No 2)}.\textsuperscript{194} The NSW Minister for Mineral Resources had granted a petroleum exploration licence for three years subject to conditions to prospect for CSG over an area of approximately 2,000 km\(^2\), extending down the New South Wales coast from Myall Lakes in the north to Belmont in the south.\textsuperscript{195} One of the licence conditions required written approval to be obtained before certain activities, including petroleum exploration bore hole activities, could be commenced.\textsuperscript{196} Pursuant to the condition, Dart Energy Ltd (‘Dart’) sought approval from the Department of Trade and Investment, Regional Infrastructure and Services (the ‘Department’) for the proposed drilling of two sets of pilot appraisal wells and production flow testing of CSG (the pilot programme) at Fullerton Cove, north of Newcastle. The pilot programme site was adjacent to the Hunter Estuary National Park containing wetlands listed under the List of Wetlands of International Importance.\textsuperscript{197}

The Department approved the pilot programme for 12 months.\textsuperscript{198} An environmental organisation sought judicial review of the Department’s decision. Among the grounds of challenge, the organisation contended that the Department had failed to consider its adopted environmental assessment guidelines for petroleum exploration (ESG 2 Guidelines), a groundwater assessment of the pilot programme and the impact on certain threatened species on fauna and flora. The organisation contended that the Department had breached section 111 of the EPA Act by failing to consider these matters and also section 112 of the EPA Act by not concluding that the pilot programme was likely to significantly affect the environment and as a consequence obtaining and considering an environmental impact statement.\textsuperscript{199}

\begin{flushleft}
\textsuperscript{191} \textit{Ibid} [7], [71]–[144].  \\
\textsuperscript{192} \textit{Ibid} [7], [169]–[171].  \\
\textsuperscript{193} \textit{Ibid} [145]–[216].  \\
\textsuperscript{194} [2013] NSWLEC 38.  \\
\textsuperscript{195} \textit{Ibid} [4], [6].  \\
\textsuperscript{196} \textit{Ibid} [7].  \\
\textsuperscript{197} \textit{Ibid} [8]–[15].  \\
\textsuperscript{198} \textit{Ibid} [23].  \\
\textsuperscript{199} \textit{Ibid} [35], [36].
\end{flushleft}
Pepper J dismissed the challenges and held that the Department’s ESG 2 Guidelines were not made under the EPA Act and were not a mandatory relevant consideration under that Act. Hence, any failure to consider them could not be a breach of section 111 or 112 of the EPA Act. In any event, however, the factors in the ESG 2 Guidelines were considered in the approval process. Pepper J held that the Department did not breach section 111 of the EPA Act by reason of any failure to obtain and consider a groundwater assessment or with respect to its consideration of the pilot programme’s impacts on threatened species of fauna and flora.

Pepper J held that the question under section 112 of the EPA Act of whether or not an activity is likely to significantly affect the environment is a jurisdictional fact. However, Pepper J found that on the evidence before the court, the pilot programme was not likely to significantly affect the environment and that the Department did not breach section 112 of the EPA Act.

The judicial review challenges that have been brought thus far have related to decisions that have been taken under existing environmental statutes that regulate approval of major projects generally. As governments enact new laws that are specifically directed towards regulating unconventional natural gas projects or activities, it is likely that there will be an increased number of judicial review challenges to remedy breaches of statutory duties by government and/or project proponents.

Civil enforcement

Courts can also enforce compliance with the law by persons other than the government. Civil proceedings may be brought to remedy and restrain breaches of laws. The breach may involve a failure to comply with a statutory obligation to do or not to do something under a statute, or a failure to comply with an administrative order issued under a statute. Civil proceedings to enforce compliance are usually brought by the regulatory agency or governmental body responsible for administering a statute. However, non-governmental organisations or members of civil society with a legally sufficient interest to have standing may also be able to bring civil enforcement proceedings.

200 Ibid [100], [101], [108], [303], [306].
201 Ibid [153], [174].
202 Ibid [178], [188], [200], [209], [210], [221].
203 Ibid [300].
204 Ibid [308], [319], [324], [325], [326], [330].
205 See, eg, New York v United States Army Corps of Engineers, 896 F Supp 2d 180 (ED NY 2012), 189–195 where the plaintiffs (New York State and several non-governmental organisations) did not allege an injury-in-fact, and therefore lacked standing to challenge draft agency regulations concerning natural gas drilling and environmental impact assessment.
The given court usually has a broad discretion to grant such relief as it thinks fit to remedy any proven breach. For example, in New South Wales, under a variety of environmental statutes, any person may bring civil proceedings to remedy or restrain breaches of the statute and the Land and Environment Court may grant such order as it thinks fit.206

An example of civil enforcement is provided by the Australian case of O’Connor & O’Connor v Arrow (Daandine) Pty Ltd.207 In this case, Mr and Mrs O’Connor (‘O’Connor’) sought injunctive and declaratory relief in relation to the respondent’s construction of a treated water pipeline across their land in Dalby, Queensland. The respondent was a subsidiary of Arrow Energy Ltd, which had been granted a 30-year lease under the Petroleum and Gas (Production and Safety) Act 2004 (Qld) (the PG Act) over an area in the Surat Basin (referred to as ‘PL230’). This area encompassed numerous properties, including the property owned by O’Connor. By virtue of its lease and an environmental authority obtained under the Environmental Protection Act 1994 (Qld), Arrow Energy Ltd and its subsidiaries were entitled to carry out business involving exploration for, developing reserves of, and producing CSG. As part of the production process for CSG, subterranean water is extracted from the wells. Arrow proposed to pipe the associated water extracted from the coal seams (by an untreated water pipeline) to be treated in a reverse osmosis plant on land owned by Arrow and then pipe back the treated water (by a treated water pipeline) to be discharged on other land owned by Arrow for irrigation purposes.208 The route of the treated water pipeline included traversing O’Connor’s property.

O’Connor brought proceedings seeking an injunction to restrain the construction of the treated water pipeline. Among other claims, O’Connor claimed that, first, the construction of the treated water pipeline was not ‘an authorised activity’ for the purposes of PL230 and, secondly, Arrow’s entry on O’Connor’s land for the purpose of constructing the treated water pipeline was unlawful because of a failure to give an entry notice as required by section 497 of the PG Act.

With respect to the first issue, the Supreme Court of Queensland (Wilson J) noted that the respondent’s plan for management of water associated with the CSG extraction and production process was one that provided for its treatment and beneficial use.209 Wilson J further observed:

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206 See, eg, Environmental Planning and Assessment Act 1979 (NSW), ss 123–124.
208 Ibid [10].
209 Ibid [36].
'The only way the treated water can be beneficially used is for it to be transported to somewhere it can be put to good use. The treated water pipeline is necessary infrastructure for the attainment of that end. The respondent’s activities, within the area of PL230, in establishing the reverse osmosis plant and laying a pipeline to transport the treated water from that plant to land on which it is to be discharged are reasonably necessary for and incidental to the production of CSG.'\textsuperscript{210}

Accordingly, Wilson J held that Arrow’s construction of the water pipeline was an authorised activity for the purposes of PL230.\textsuperscript{211}

In relation to the second issue, Wilson J stated that Arrow had not expressly referred to the construction of the treated water pipeline in the entry notice issued by it to O’Connor pursuant to section 497 of the PG Act.\textsuperscript{212} On the contrary, the notice indicated that Arrow required access for:

(a) drilling and completing 12 vertical wells;

(b) work for an access corridor incorporating roads and other access ways and other infrastructure (including for pumping equipment, gas and water pipelines, electricity conduits and communications services) that relate to or provide access or services to vertical wells or any other infrastructure described in this paragraph (b);

(c) inspections of and maintenance of the 12 vertical wells and land surrounds and such remedial works as may be necessary from time to time;

(d) such activities and works on, under and over the land under the authority of PL230 as are incidental to and required for undertaking the activities described in paragraphs (a) to (c) above.\textsuperscript{213}

Arrow submitted that the laying of the water pipeline was included by implication in the entry notice, referring to matters raised in paragraphs (b) and (d). Wilson J disagreed. First, she found that, having regard to the factual matrix in which the entry notice was given, the phrase ‘water pipelines’ in paragraph (b) should be construed as relating to untreated water pipelines.\textsuperscript{214} Wilson J also found that the treated water pipeline was not ‘other infrastructure... that relate(s) to or provide(s) access or services to the vertical wells’ as described in paragraph (b).\textsuperscript{215} Wilson J elaborated on this finding as follows:

\textsuperscript{210} Ibid.
\textsuperscript{211} Ibid.
\textsuperscript{212} Ibid [40].
\textsuperscript{213} Ibid [38].
\textsuperscript{214} Ibid [42].
\textsuperscript{215} Ibid [43].
‘I acknowledge that the expression “relate to” is a very broad one. However, the treated water pipeline relates to the management of the associated water rather than to the vertical wells. It does not relate to any of the other infrastructure described in paragraph (b). Nor does it provide access to the vertical wells or any other infrastructure described in paragraph (b).’

Accordingly, Wilson J held that the laying of the treated water pipeline did not fall within paragraph (b). She also found that the laying of the treated water pipeline did not fall within paragraph (d).

As a consequence, Wilson J found that Arrow’s entry onto O’Connor’s land to lay the treated water pipeline was unlawful as it had not given notice of entry in relation to that activity. O’Connor was thus entitled to declarations as to the unlawfulness of the respondent’s entry and an order restraining the further construction of the treated water pipeline unless and until a valid entry notice was served.

Wilson J, however, declined to issue a mandatory injunction to require the respondent to remove the treated water pipeline on the basis that it would lack practical utility because Arrow could give O’Connor a new entry notice and then enter their land to construct the pipeline. Instead, an award for damages would be adequate compensation. The PG Act contemplated the payment of compensation for compensable effects of authorised activities.

Real property, personal property and intellectual property law

The law of property regulates relationships involving the creation, transfer and enforceability of rights over and interests in things. On a general level, things may be broadly categorised as either real or personal property. Land is usually, if not always, regarded as the only thing that may constitute real property and, as such, it is regulated by real property law. In contrast, there are various forms of chattels (eg, books, furniture, vehicles and so on) that

216 Ibid.
217 Ibid [44].
218 Ibid [45].
219 Ibid [46].
220 Ibid [49].
221 Ibid [50].
222 Ibid.
224 Ibid 64.
225 Walker, n 31 above, 1007.
may be regarded as personal property.\textsuperscript{226} Irrespective of whether a thing is regarded as real or personal property, it is important to note that the concept of property, in a legal sense, is defined ‘not as the object itself but, rather, the relationship which an individual or corporation has with the object and with the rest of the world in relation to that object’.\textsuperscript{227}

During more recent times, advances in technology have resulted in an expansion of the law of property so as to encompass a broader variety of personal proprietary rights.\textsuperscript{228} The field of intellectual property law, through mechanisms such as copyrights, patents and trademarks, now regulates relationships involving the creation, transfer and enforceability of rights over and interests in incorporeal things (eg, original ideas, inventions and designs).\textsuperscript{229}

There have been some instances where persons have resorted to the courts in an effort to protect their rights in real property in circumstances where those rights are threatened or adversely impacted on by the operation of an unconventional gas project or activity. This has often occurred in tandem with causes of action involving tort (eg, nuisance generated by a project or activity is of such a degree that it deprives a landowner of his or her right to enjoyment of his or her property). However, there have also been cases where real property law issues have been the crux of the proceedings brought by the plaintiff. Two of the cases concern gaining access to land on which prospecting, or a petroleum or mining operation, was to be conducted.

The first is the US case of \textit{Bosley v Cabot Oil \& Gas Corporation of West Virginia},\textsuperscript{230} decided in 1986. Mr and Mrs Bosley purchased their property from an adjoining landowner, McClanahan, in 1965. The deed effecting the transfer granted Mr and Mrs Bosley a right of way over McClanahan’s property. McClanahan subsequently sold her property to Comer. In January 1969, Cabot acquired from Comer a right of way over the Comer property in anticipation of locating a well on another landowner’s property. Cabot drilled a well on that site in 1971. It gained access to the well by travelling across the Comer property via the Bosley right of way, which had, by that time, become an improved roadway. During this period, Mr and Mrs Bosley alleged that the drilling activity conducted by Cabot resulted in a degree of damage to the roadway. The two parties settled this dispute and, as part of the settlement, Cabot acquired a right of way from Mr and Mrs Bosley.\textsuperscript{231}

\textsuperscript{227} \textit{Ibid} 1.
\textsuperscript{228} \textit{Ibid} 15–16.
\textsuperscript{229} Walker, n 31 above, 1007.
\textsuperscript{230} 624 F Supp 1174 (SD W Va, 1986).
\textsuperscript{231} \textit{Ibid} 1175.
Following completion of the well, Cabot continued to regularly use the right of way to tend its well. Mr and Mrs Bosley made no complaints about such use until November 1984. On 26 November 1984, Cabot moved a service rig onto the well site. It was removed on 20 December 1984. During these operations, Cabot accessed the well site via the right of way. The Bosleys brought proceedings against Cabot, submitting that, first, Cabot had no right to use their right of way and, secondly, such use resulted in damage to that right of way. 232 Cabot sought summary judgment.

The US District Court for the Southern District of West Virginia (Haden CJ) held that Cabot’s motion for summary judgment should be granted in relation to the first claim but not as to the unreasonable use of the right of way claim. 233 The main issue arising in this case was whether the owners of the servient estate, McClanahan and Comer, had the right to grant successive rights of way, first to Mr and Mrs Bosley and then to Cabot, along the same route. In addressing this issue, Haden CJ relevantly observed:

‘Public policy arguably supports the right of the servient estate owner to grant successive easements. An easement such as a right-of-way is a limited property interest. Generally, the holder of the interest is most concerned with traversing the servient estate. Unlike other property interests, there is no inherent conflict with sharing this type of interest with someone else. If a right-of-way given under this state of facts was presumed to be “exclusive”, a servient estate could be subjected to the wasteful result of playing host to two or more roadways where one would suffice. Conservation of economic resources and the ecology of the servient estate are best served by precluding where possible duplicative easements.’ 234

Haden CJ accepted that Comer could grant to Cabot a right of way along the same route previously designated for use by Mr and Mrs Bosley and rejected the submission that Cabot had no right to use Mr and Mrs Bosley’s right of way. 235 Haden CJ noted that Mr and Mrs Bosley were protected by a restraint of ‘reasonableness’ governing Cabot’s shared use of the right of way and could bring an action seeking damages for any injury suffered in circumstances where Cabot exceeded its right to share the right of way. 236 Mr and Mrs Bosley had also brought this action. 237 On this basis,

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232 Ibid.
233 Ibid 1176, 1179.
234 Ibid 1177.
235 Ibid 1176–1178.
236 Ibid 1177–1178.
237 Ibid.
Haden CJ granted summary judgment in favour of Cabot in relation to the claim that Cabot had no right to use the right of way at all, but left remaining the claim that Cabot’s use of the Bosley right of way unduly interfered with Mr and Mrs Bosley’s rights.238

The second case concerning gaining access to land on which to carry out prospecting or petroleum or mining operations is the 2013 Australian case of Hume Coal Pty Ltd v Alexander (No 3) (‘Hume Coal’).239 In Australia, mining and petroleum legislation enables gas producers to gain access to and over land comprised in petroleum titles.240 Holders of prospecting titles have brought proceedings to enforce rights of access to and over land comprised in titles. Hume Coal is an example. It concerned access under the Mining Act 1992 (NSW) to prospect for coal under an exploration licence but the statutory provisions and rights concerned are relevantly the same as those for access to prospect for petroleum (including gas) under a prospecting title. Hume Coal Pty Ltd (‘Hume Coal’) had entered an access arrangement with the owner of the land comprised in the exploration licence (the Koltai land). Access to the Koltai land was through a right of carriageway over neighbouring land owned by the Alexanders (the ‘Alexander land’). A restrictive covenant over both the Koltai and Alexander lands restricted use of the land for any industrial or commercial purpose. The Alexanders declined to agree on an access arrangement with Hume Coal. They and other members of the local community set up a blockade on the Alexander land to prevent Hume Coal gaining access to the Koltai land to conduct prospecting activities. Hume Coal applied to the Land and Environment Court of NSW for an injunction to restrain the Alexanders and others from preventing Hume Coal from accessing the Koltai land via the right of carriageway.

Sheahan J granted the injunction and held that the restrictive covenant did not prevail over the exploration licence under the Mining Act so as to prevent prospecting.241 Hume Coal’s rights under the access arrangement over the Koltai land entitled Hume Coal to enjoy the benefit of the right of carriageway over the Alexander land that was attached to the title of the Koltai land. It was not necessary for Hume Coal to negotiate a separate access agreement with the Alexanders.242

Other cases involving property have concerned disputes over interests in an unconventional gas joint venture and over ownership of gas licences.

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238 Ibid 1179.
239 [2013] NSWLEC 58.
240 See, eg, Petroleum (Onshore) Act 1991 (NSW), Pt 4A (access over land for prospecting) and ss 105 and 106 (granting of easements and rights of way).
241 [2013] NSWLEC 58, [108].
242 Ibid [110].
An example of the first type of dispute is *Power Gas Marketing & Transmission Inc v Cabot Oil & Gas Corporation and Linn Energy LLC*. This 2008 US case, *Power Gas and Cabot* were partners in a joint venture to explore and develop leases and interests in oil and gas in Pennsylvania. Cabot sold its interest in the joint venture to a third party, Linn. Power Gas alleged that Cabot breached a provision of the joint venture agreement that gave Power Gas a preferential right to purchase Cabot’s interest. Cabot claimed the provision offended the rule against perpetuities and was unenforceable. The Court of Common Pleas granted the respective motions of Cabot and Linn for summary judgment finding that the preferential purchase rights provision was not enforceable because the rule against perpetuities applied.

On appeal, Power Gas submitted that Cabot failed to offer Power Gas the opportunity to purchase Cabot’s interest prior to selling it to Linn, a company with no prior interest in the joint venture and, as a consequence, breached a preferential purchase rights provision in the joint venture agreement. The Superior Court of Pennsylvania (Tamalia, Lally-Green and Panella JJ agreeing) held that the rule against perpetuities did not apply to the agreement because the agreement did not fetter specific property, which is a requirement for application of the rule. The Court further noted that because the rule had been abolished on a prospective basis by the legislature, the policy underlying the rule was no longer applicable. Accordingly, the rule of perpetuities did not apply to the preferential right to purchase and the lower court’s decision was reversed and the matter remanded to the lower court.

An example of the second type of dispute is the 2004 English case of *Ashborder BV v Green Gas Power Ltd* where the claimants and defendants sought rival declarations as to the ownership of, and the right to operate, various petroleum licences, which permitted the extraction of oil and gas from various regions within the UK.

In relation to unconventional gas litigation focusing on issues of intellectual property law, it appears that there has been no case where a court has handed down judgment in a matter that extensively considers issues relating to intellectual property. However, in the future, it is likely that there will be an increasing amount of litigation in this area. For example, an equitable action could be brought by a company involved in

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243 948 A 2d 807 (Superior Court Pa 2008).
244 The rule against perpetuities states that for an interest in property to be valid, it must be certain to vest, if it vests at all, not later than the expiration of the perpetuity period (ie, 21 years after the death of the last ‘life in being’ at the date the interest was created): see Edgeworth et al, n 223 above, 662.
245 948 A 2d 807 (Superior Court Pa 2008), [15]–[31].
247 [2004] EWHC 1517 (Ch).
unconventional gas extraction and production against an employee or other person who has disclosed trade secrets or information protected by patent regarding the procedures followed by that company for extracting natural gas and subsequently producing energy (eg, disclosure of the chemical compound a company adds to water injected in fracking operations).248

In the 2013 US case, *Powder River Basin Resource Council v Wyoming Oil and Gas Conservation Commission*,249 the plaintiffs challenged the Wyoming Oil and Gas Conservation Commission’s partial denial of a request for information regarding chemical formulations claimed to be confidential trade secrets. The Natrona County District Court affirmed the decision of the Commission, thereby allowing the industry to maintain trade secret protection. 250 The requestors appealed the decision. In 2014, the Supreme Court of Wyoming reversed the District Court’s decision, stating that it was ‘unable to determine whether the identity of individual chemicals may be trade secrets in the context of hydraulic fracturing operations’.251 The Supreme Court remanded the decision to the District Court, directing the District Court to determine whether the information sought was a trade secret.252

**Criminal law**

The various petroleum, planning and environmental statutes make contravention of statutory obligations offences. The heightened concern over the risk to the environment and to workers by the drilling methods involved in oil and gas production has led to prosecutions of producers whose commission of offences has caused harm to the environment or to workers.

In the Australian case of *Connell v Santos NSW Pty Limited*,253 decided in 2013, an unconventional gas exploration and production company, Eastern Star Gas Limited (now known as Santos NSW), was prosecuted for breaches of conditions of a petroleum title. The company undertook drilling as part of its exploration for CSG in a state forest near Narrabri, New South Wales. The drilling process produced water with elevated concentrations of salt


250 Ibid.

251 320 P 3d 222 (WY2014) [45].

252 Ibid [46].

(formation water). The company had permission under the petroleum title to convey formation water from the appraisal wells and productions wells to a water treatment plant. The formation water was first pumped into one of three ponds at the water treatment plant. It was then pumped to the water treatment plant, which used reverse osmosis to remove the dissolved solids (such as salts) from the water. The treated water or permeate was discharged into a nearby waterway and the brine wastewater with higher concentrations of dissolved solids was pumped back into one of the three ponds.

One condition of the petroleum title required the holder to report any incident causing or threatening material harm to the environment. Another condition required the holder to lodge with the regulatory agency environmental management reports that reported on compliance with the petroleum operations plan (POP). The POP set total dissolved solids levels for the permeate discharged into the waterway.

In 2011, there was a spill of formation water from the water treatment plant into the nearby forest. A pipeline transferring formation water from one of the ponds to the water treatment plant burst, spilling water into a bunded area, but then an electronic failsafe switch designed to shut down the pump in such an event itself failed, causing water to fill and then spill over the bunded area. The saline formation water caused harm to vegetation in the forest. The company failed to report the incident as required by the petroleum title. Between 2009 and 2011, the company had occasions where the total dissolved solids levels of the permeate discharged into the waterway exceeded the discharge limits set in the POP. However, the company failed to report on these exceedances in its environmental management reports for those years as required by the petroleum title.

After the company was taken over by a large gas producer in late 2011, the new management reported the spill incident and the inadequate reporting in the environmental management reports to the regulatory agency. The company was prosecuted and pled guilty to offences under the Petroleum (Onshore) Act 1991 (NSW) for breaches of its petroleum title. The Land and Environment Court of NSW (Preston CJ) convicted the company, fined it $52,500 in total and ordered it to pay the prosecutor’s costs of $110,000.

In the US, the Environmental Protection Agency has prosecuted oil and gas producers for environmental offences. The owners and managers of Swamp Angel Energy, engaged in oil and gas development on the Allegheny National Forest in Pennsylvania, violated the Safe Drinking Water Act 1974 by dumping 200,000 gallons (757,000 litres) of brine produced in the drilling process into an oil production well. The persons were sentenced to
three years’ probation and fined $4,000 to $5,000. Chesapeake Appalachia violated the Clean Water Act 1972 by discharging crushed stone and gravel into sensitive wetlands in Northern West Virginia to create a roadway for the purpose of improving access to its Marcellus Shale drilling activities. Chesapeake was convicted and fined $600,000 and placed onto supervised release for a period of two years.

Employment law

The risks in extracting unconventional gas are not only for the environment but also for the occupational health and safety of the workers engaged in unconventional gas extraction. There has been, therefore, litigation concerning breaches by employers of their obligations owed to employees or other persons. An example is the recent 2013 Australian case of *Nash v Austerberry Directional Drilling Services Pty Ltd*. Austerberry pleaded guilty to an offence under the Occupational Health and Safety Act 2000 (NSW) in respect of a workplace incident that resulted in a worker, who was employed by another company, being fatally injured. In 2009, Eastern Energy Australia Pty Ltd, a company that undertakes CSG exploration in New South Wales, contracted with Austerberry to install a pipe under Bohena Creek, a worksite located near Narrabri in regional New South Wales. The pipe was to be installed using horizontal drilling technology. On 31 July 2009, the pipe became stuck under the ground. Six unsuccessful attempts were made to retrieve the pipe. On the next day (1 August 2009), Shayne Austerberry, the sole director of Austerberry, decided that a further attempt should be made to retrieve the pipe. To this end, Mr Austerberry attempted to pull the pipeline out from under the ground using an excavator with a chain connecting to the pipeline. During the course of this activity, Bruce Austin, the sole director of Save Guys Pty Ltd, suffered serious injuries when the chain broke and the pipeline recoiled. Mr Austin was hospitalised and later died from his injuries. After having regard to the various aggravating and mitigating factors involved in the case, the Industrial Court of NSW (Staff J) held that the defendant be convicted as charged and imposed a fine of $170,000.


257 Ibid [2]–[11].

258 Ibid [139].
Furthermore, the unconventional gas producer, Eastern Star Gas Ltd, was also prosecuted for an offence against section 8(2) of the Occupational Health and Safety Act 2000 (NSW) for failing to ensure that people, in particular Mr Austin, were not exposed to risks to their health and safety. The company was fined $120,000.259

In the US, concern has been expressed about chemical exposure risks to workers involved with fracking. The US National Institute for Occupational Safety and Health (NIOSH) has noted that since 2010 four workers have died apparently from exposure to acutely toxic chemicals in volatile hydrocarbons during flowback operations. Flowback refers to process fluids from the wellbore that return to the surface and are collected after fracking is completed. In addition to the fracking fluids originally pumped, returned fluids contain volatile hydrocarbons from the formation.260

In *Bombardier v Schlumberger Technology Corp*,261 a worker in a personal injury suit claimed damages for burns caused by fracking chemicals he was required to carry in open buckets spilling onto his skin and clothing and for respiratory compromise by breathing silica dust from sand being mixed by others nearby his work area. The US District Court for the Northern District of West Virginia allowed the plaintiff to maintain his claim for chemical burns but dismissed his claim for medical monitoring related to silica exposure because he failed to come forward with sufficient testimony regarding either the nature of the exposure or the likely injuries.262

However, the issue of silica exposure for fracking workers is becoming of increasing importance. Workers may be exposed to silica dust by the mixing of fracking fluids with silica—containing proppant materials. In May 2012, NIOSH issued a report on silica exposure in fracking workers. In June 2012, the US Occupational Safety and Health Administration (OSHA) and NIOSH issued a joint hazard alert identifying exposure to airborne silica as a health hazard to workers conducting some hydraulic fracturing operations.263

259 *Nash v Eastern Star Gas Ltd* [2013] NSWIRComm 75.
In September 2013, OSHA gave Notice of Proposed Rulemaking for Occupational Exposure to Respirable Crystalline Silica. OSHA proposed cutting the level of exposure to silica to 50 micrograms of respirable crystalline silica per cubic metre of air as averaged over an eight-hour day. It has been suggested that the proposed rule would impose the highest costs on the fracking industry, as a percentage of its annual revenue, compared with other sectors.

Given the inherent risks facing many employees who work in the unconventional gas industry, it is likely that there will be an increase in this type of litigation in the future. As the *Bombardier* case shows, worker exposure to silica may be an area for future litigation.

**EU law**

The potential for unconventional gas litigation arising under EU law is illustrated by the recent decision of the European Court of Justice in *European Commission v Republic of Poland*. In this case, the European Commission sought a declaration that Poland had failed to comply with Articles 2(2), 3(1), 5(1) and 5(2) of Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 concerning the conditions to be met for granting and using authorisations for the prospecting, exploration and production of hydrocarbons (including unconventional gas). In particular, the European Commission claimed that Poland had failed to adopt the measures necessary to ensure that access to activities relating to the prospecting, exploration and extraction of hydrocarbons was free of any discrimination between interested entities and that the authorisations to carry out those activities were granted following a procedure in which all interested parties could submit applications in accordance with certain defined criteria prior to the beginning of the period in which

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264 Published in the Federal Register on 12 September 2013, available online at https://federalregister.gov/a/2013-20997.
267 [2012] C-569/10 (Fourth Chamber).
applications could be submitted.\footnote{\textit{Ibid} [1].}

The European Court of Justice largely agreed with the submissions of the European Commission, finding that Poland failed to comply with the obligations contained in Articles 2(2), 5(1) and 5(2), but not Article 3(1), of Directive 94/22/EC.\footnote{\textit{Ibid} [102].} The requirement of the Polish Geological and Mining Law that a hydrocarbon operator wishing to obtain a concession must have an office in Poland before the concession can be granted to it was discriminatory and in breach of Article 2(2) of Directive 94/22/EC.\footnote{\textit{Ibid} [51]–[54].} The restriction on a successful tenderer obtaining a hydrocarbon extraction concession, if an entity that carried out geological work earlier does not make its geological documentation available to it, also infringed the rule of non-discriminatory access in Article 2(2).\footnote{\textit{Ibid} [60]–[64].} The Polish Government’s failure to publish all of the criteria on the basis of which authorisations are granted, and to fix and make available conditions and requirements concerning the pursuit or termination of an authority, before the start of the period for submission of applications, breached Articles 5(1) and 5(2) of Directive 94/22/EC.\footnote{\textit{Ibid} [92]–[94], [97]–[100].}

The Court rejected, however, the Commission’s argument that Poland infringed Article 5(1)(a) of Directive 94/22/EC in granting concessions subject to the provision of a guarantee relating to environmental protection. Where warranted by particularly important public interests relating especially to environmental protection, the grant of a concession may be made conditional on the provision of a guarantee capable of providing compensation for the harmful effects of the activities carried out under the concession.\footnote{\textit{Ibid} [87].}

Media reports suggest that this decision has affected around 100 shale gas exploration licences that had been issued to firms and accompanied by production permits that had not been put out to tender.\footnote{See ASSER Institute, \textit{EEL News Service} (Issue 2013/06 of 25 July 2013) available at www.asser.nl/upload/documents/20130725T023346-2013%2006%20EEL%20News%20Service%20pdf%20version.pdf accessed 14 October 2013.}

On 22 January 2014, the European Commission issued a recommendation on minimum principles for the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic
Infringements of this new direction could give rise to similar litigation as that discussed above.

Conclusion

This article has provided an overview of the diverse and distinct causes of action that a person, corporation or public interest environmental group may bring to either challenge (in the case of a person or public interest environmental group) or protect (in the case of a corporation) the approval and/or subsequent operation of an unconventional gas project or activity.

While governments throughout the world are striving to devise and implement legal regimes for regulating unconventional gas projects or activities, it is apparent that much work remains to be done. It is likely that the process of devising and implementing such legal regimes will take at least a few years before this process will be completed.

The courts are likely to be afforded increased opportunities with respect to hearing and disposing of disputes concerning unconventional gas projects or activities. In the present absence of comprehensive legislation or other legal instruments for specifically regulating unconventional gas projects or activities, it is likely that litigation in this area will focus either on common law causes of action founded in areas such as tort, contract or property, or on alleged violations of substantive or procedural rights that are protected under existing statutes that are generally applicable to unconventional gas projects or activities (eg, statutes relating to environmental and planning, competition and consumer law, real property and so on).

Once the process of devising specific legal regimes for regulating unconventional gas projects or activities is completed, it is likely that the focus on these two types of actions will be reduced, even if only slightly, and more emphasis will be placed by litigants on bringing actions that relate to alleged violations of substantive or procedural rights conferred by statutes pertaining to unconventional gas specifically. In particular, once governments have established specific legal regimes for regulating unconventional gas projects or activities, it is likely that there will be an increased amount of public interest litigation. This is especially so in Australia, where legal regimes for regulating unconventional gas projects or activities are either in the process of being devised or still in their infancy, when compared with jurisdictions such as the US.

In any event, the courts will increasingly be presented with opportunities to make meaningful and relevant contributions to the development of unconventional gas jurisprudence and governance in the future.