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Title:

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Date:

2022-12-07

Citation:

Dwyer, P. D. & Minnegal, M. (2022). Policy and the Papua New Guinea Liquefied Natural Gas pipeline. *The Extractive Industries and Society*, 12, <https://doi.org/10.1016/j.exis.2022.101187>.

Persistent Link:

<https://hdl.handle.net/11343/332515>

This is the accepted version of the paper published as:

Dwyer, P.D. & M. Minnegal (2022) Policy and the Papua New Guinea Liquefied Natural Gas Pipeline, *The Extractive Industries and Society* 12: 101187.
DOI: [10.1016/j.exis.2022.101187](https://doi.org/10.1016/j.exis.2022.101187)

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Policy and the Papua New Guinea Liquefied Natural Gas Pipeline

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ABSTRACT

Pipelines constructed to carry oil or gas often cross the lands of people who find themselves low on the list of potential beneficiaries of the projects they are hosting. Where rights to benefit are acknowledged, it still may be difficult to confirm the legitimacy of claimants or to find an uncontested method to establish legitimacy. Local-level protests are not uncommon. This problem has been to the fore in Papua New Guinea [PNG]. It is illustrated by contrasting approaches to identifying landowners for the pipeline servicing the PNG Liquefied Natural Gas [LNG] project. We offer suggestions to minimize the likelihood that similar problems emerge with future LNG projects in PNG.

Key words:

Social mapping; Landowner identification; Development Forum; Legacy issues; Responsibility

HIGHLIGHTS

- Ambiguous policy for identifying landowners has created conflicting expectations
- Target areas for social mapping and for determining beneficiaries differed
- Legacy issues resulted from reusing studies produced under different policy regime
- Social mapping must attend to legislated boundaries, not just ethnographic practice
- Corporations have a responsibility to ensure fair treatment to affected landowners

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1 Introduction

In many countries oil and gas pipelines have become major components of the infrastructure of the petroleum industry. They may be very long, crossing political boundaries both within and between countries. They contribute greatly to the wealth generation of the companies that build and use them and, through taxes and employment opportunities, to the countries that host them. There is ambiguity, however, in their impacts on people who, as owners or in other ways, identify with the lands that the pipelines cross. Possible outcomes vary. In the United States of America Congress, it has been forcefully argued that the Federal Energy Regulatory Commission ‘has become a rubber stamp for the energy companies that want to build pipelines on other people's land’ and is ‘biased, severely, against individual property owners’ (GoUSA, 2020; see also Lustgarten, 2017). Elsewhere, people have sought redress by litigation or by damaging the pipeline itself (Caretta and McHenry, 2020; de Jong et al., 2022; Foley et al., 2021; Guyer, 2002; Finer et al., 2008; Omeje 2005). In many of these cases, contestation is exacerbated by contradictions in the methods used for assessing impacts and legitimising claims. The legitimacy of assessment processes may itself be in question. This problem has been to the fore in Papua New Guinea [PNG], as exemplified in contrasting approaches to identifying beneficiary landowners for the pipeline servicing the large-scale PNG Liquefied Natural Gas [PNG LNG] project.

2 The PNG LNG project

In PNG, a 700 km pipeline is a major component of the infrastructure for the PNG LNG project. This project is a vast undertaking drawing gas from wells in the highlands, transporting it by pipeline through mountainous and heavily forested terrain to the coast and then, submerged in the Papuan Gulf, to a liquefaction plant at Caution Bay, near Port Moresby (Filer, 2019: see, especially, overview map on page 2). Several ancillary pipelines join the main pipeline from their commencement at well heads in different gas fields.

Under PNG legislation, people identified as beneficiary landowners of petroleum licence areas, and of a 10 km wide corridor that encloses the pipeline, receive a share of the benefits that the companies pay to the state. Filer (2019: 3) suggests that, at 2009, the number of legitimate land owner beneficiaries would have exceeded 60,000. Unfortunately, available data are few and unreliable, this estimate cannot be satisfactorily partitioned into those associated with different petroleum licence areas or different sections within a pipeline licence area and, through time, lists of claimants become longer. Determining lists of beneficiaries has proven problematic and is one factor in delaying payments well beyond the May 2014 start of export of gas (Koim and Howes, 2016).

One reason for these difficulties, and for the ambiguity experienced by putative landowners, is the lack of a clear, unified methodology for establishing regions of the pipeline within which determinations should be made. Social Mapping and Landowner Identification [SMLI] reports prepared on behalf of companies by outside consultants have taken the relevant target areas to include the entire corridor within 5 km of the pipeline, with regions differentiated on geographic or pragmatic grounds. By law, these SMLI reports are to be provided to the relevant minister before he makes a final determination of beneficiary landowners. He may choose to follow them or to ignore them. In contrast, officers of the PNG Department of Petroleum and Energy [DPE] took the relevant target areas to include only segments of the corridor where the pipeline transited between petroleum licence areas, thus excluding from consideration any parts of the corridor that lay within those areas. Government definitions of the eight pipeline segments were made for the first time in December 2009 after most relevant SMLI reports had been submitted to DPE.

2.1 Pipeline divisions

Figure 1 shows that the pipeline regions selected for SMLI studies were rarely congruent with the government-defined segments. This lack of congruence may be traced, in part, to differences in the way the PNG Oil & Gas Act 1998 was used (GoPNG 1998). The Act distinguishes between sections of a pipeline corridor that are within PDL areas and sections that are outside those areas. At the 2009 pipeline Development Forum, segments were defined in accordance with the Act, in that areas within 5 km from a pipeline that fell within a PRL or PDL area were excluded. In contrast, when defining their target areas, relevant SMLI studies seldom distinguished parts of the corridor inside and outside PRLs and PDLs. At least two of those studies, citing the 2001 Oil and Gas (Amendment) Act, ignored or elided the statement that the relevant area was not to ‘include land within a petroleum development licence pursuant to which the petroleum project is conducted’ (Goldman, 2009: 25-28; Weiner and Goldman, 2009: 25-29).

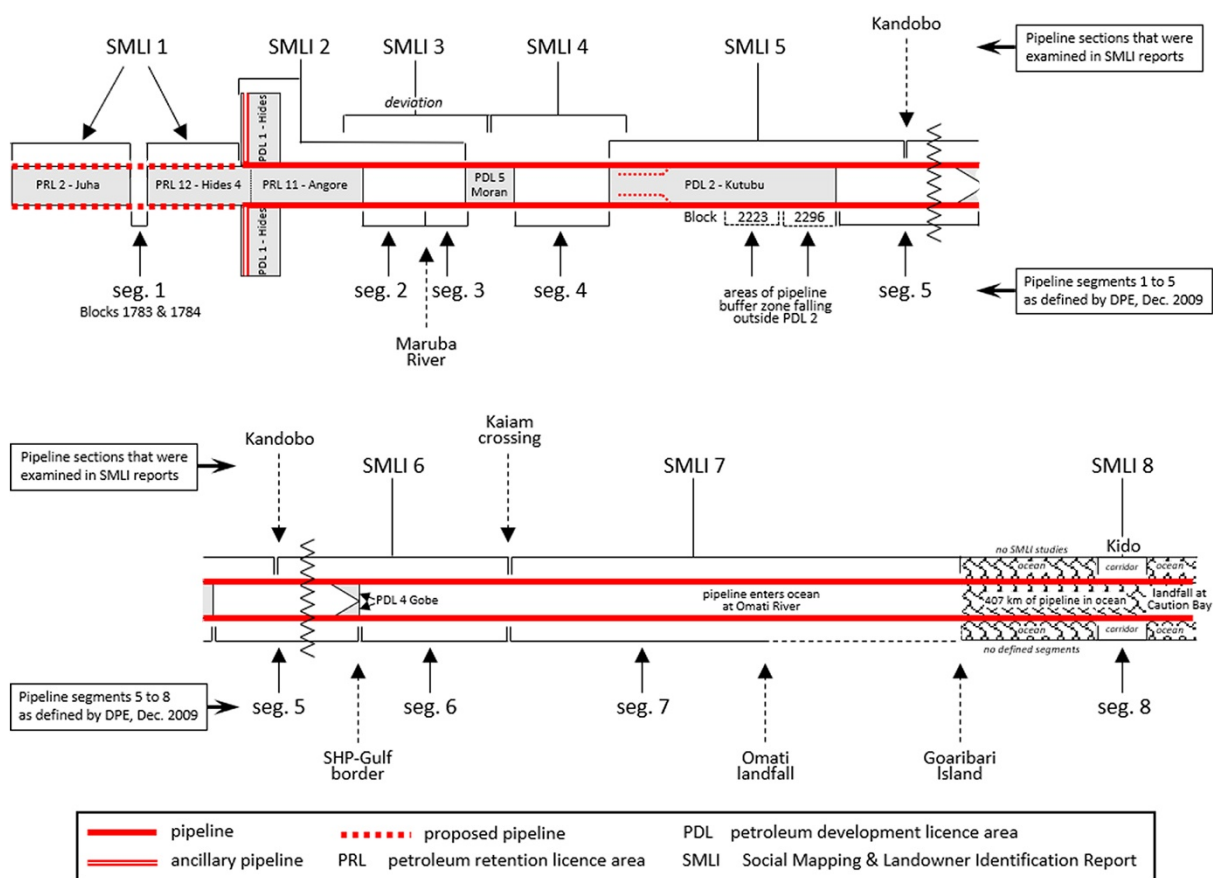


Fig. 1: Comparison of pipeline segments as defined by the PNG government with regions of the pipeline that were examined in SMLI studies. The solid red line (duplicated) represents the completed and functional pipeline, starting at the Hides Gas Compression Plant [HGCP] near the southern boundary of PDL 1 before passing through and between other PDL areas to enter the water at Omati Landing and, on the sea floor, across the Papuan Gulf to reach Caution Bay, near Port Moresby. The dotted red line (duplicated) represents the proposed pipeline starting at well heads in PDL 9 and terminating at the HGCP where it will join the main pipeline. The ancillary pipeline commencing at well heads at PDL 1 is represented as a red and white striped line. Government divisions of the pipeline are summarized on the lower depicted pipeline route (GoPNG, 2009). Pipeline lengths subject to SMLI studies are summarized on the upper depicted pipeline route. They are numbered from 1 to 8 and referenced, in that order, as Goldman and Ernst (2008), Goldman (2006, 2009), Weiner and Goldman (2009), Weiner (2005a), Weiner (2005b), Schubert (2009) and Weiner (2011). Source: authors.

The concerns of local people that they are not recognised as legitimate owners of the land through which the PNG LNG pipeline passes have been addressed in the courts by litigation, by corrupt practices that implicate government officers, by holding hostage employees of petroleum companies, and by violence directed at other putative ‘landowners’ (Main 2017, National Court of PNG 2021, Rouzet 2013, Shearn 2014, Woods, 2018). The lack of congruence between PNG LNG pipeline segments as defined by the government and regions of the pipeline subject to SMLI studies has the potential to enhance problems with landowner identification. People or clans that were included in an SMLI report for a region of the pipeline but excluded from the eventual ministerial determination have a ready-made basis from which to initiate litigation. It is noteworthy that the pipeline segments for which beneficiary identification seems to have been resolved and for which royalties were first distributed in November 2020, were those where there were no adjacent PDLs and thus the ambiguity we have identified would not have arisen (MRDC 2020).

The failure to unambiguously define and implement policy regarding definition of target areas is one factor behind long delays in payment of entitlements to landowners. It is important, therefore, to identify the source of the disparity in definitions deployed by government responsible for determination of landowners, and by companies responsible for SMLI studies, and to adopt measures that will limit the likelihood of similar issues emerging in the future.

2.2 Legacy issues

In the years before the PNG LNG project was approved and initiated, plans were being developed for a different project – the PNG Gas Project, under which gas would have been conveyed by pipeline across Torres Strait to a plant at Gladstone in Queensland, Australia (Enesar Consulting, 2005). At that time many social mapping studies of pipeline areas were undertaken and, where their target areas coincided with those for pipeline SMLI studies that served the PNG LNG Project, results from the former were taken as applicable to the latter. More significantly, the later studies followed the practice adopted for the PNG Gas project by including, as potential pipeline landowners, all those associated with the corridor even where this transited PDLs (e.g., Goldman, 1999: 20-22). At the time the PNG Gas Project was proposed, payments were made to presumed landowners of particular sites and paths of disruption, and not to presumed landowners of petroleum licence areas (Clapp 2002). At that time, therefore, it was appropriate to determine landowners for the entire pipeline corridor.

The introduction of the Oil & Gas Act 1998 changed the way benefits were to be distributed, with payment of royalties for extraction added to the previous emphasis on compensating for disruption. This entailed, too, a shift from concern solely with relational tenure systems that trace connection to sites and paths (0- and 1-dimensional systems, Ingold 1986: 130-64) to include a concern with the categorical tenure defined by areas (2-dimensional systems).

With owners of land throughout petroleum licence areas now eligible to receive royalties, it became possible that some would receive benefits in exchange both for extraction of gas from their own land and for enabling transit of gas through their land. This is the essence of legacy issues that underly the disparity between company and government approaches to establishing regions of the pipeline within which beneficiary landowners might be identified. Those issues persist in the later SMLIs, which rationalize their approach by reference to the PNG Oil & Gas Act but also appeal to an anthropological understanding that where boundaries occur between groups of people they do not conform to the cadastral boundaries, established by professional surveyors, that have been encoded in law.

3 Conclusion

The PNG LNG pipeline SMLIs have remained beholden to an earlier methodology and, as a result, their targeted areas differ substantially from those that follow from the approach taken by government. Co-existence of the two approaches – one focussed on lines, the other confined by boundaries around areas – has the potential to generate ambiguity around landowner identification. What is needed, to reduce that risk, is clear policy direction as to how target areas for beneficiary identification are to be defined, and how benefits are to be distributed among those impacted by a resource-extraction project. Future pipeline studies in PNG that seek to identify landowners should: (1) avoid procedural models that rely on earlier work; (2) be strictly attentive to requirements that arise from the PNG Oil & Gas Act; and (3) strive to minimize the likelihood that individuals or groups could receive benefits in return for both gas extraction from and gas transit through the same area. The two income streams may have different justifications, in payment for resources and for right of way respectively, but the impact on local lives arising from activities of extraction and transit is not dissimilar. Should some landowners benefit from both streams and others from only one, local perceptions of inequity are likely to lead to jealousies.

When different approaches to the same question reduce to differences between governments and companies – each with the central aim of maximizing financial gain – then the seemingly lesser interests of smaller-scale stakeholders are likely to be lost (Fletcher and Webb, 2012; Gilberthorpe, 2014). Indeed, in the case of the PNG LNG project, the putative landowning groups have themselves fragmented, with some members of those groups relocating from their homelands to Port Moresby, the capital city of PNG, where they have easier access to both company and government officials.

We accept that the PNG government and legal system must be the final arbiters in the identification of beneficiary land owners. Ultimately, it is in the state's interest to manage extraction of resources in ways that most benefit its citizens. In the PNG context, however, it is the companies that build, operate and profit from pipelines who should ensure fair treatment of, and timely returns to, people whose lands they occupy and use. That moral responsibility is not lessened simply because a gas pipeline requires relatively little maintenance and, to people other than resident local landowners, is essentially invisible. While better policy, as advocated here, may help the government in its task of determining a list of beneficiaries that is less permeable to challenge, holding companies to account in their dealings with those who their activities impose upon may be the greater challenge.

Acknowledgements

We thank Colin Filer, Laurence Goldman, Sandrine Lefort, Michael Main and Chris Warrillow for discussion, the many Kubo, Febi, Bedamuni and Konai residents of the Nomad District (Western Province, PNG) who have assisted us, and the PNG National Research Institute and University of Melbourne for their support. This work was supported by grants from the Australian Research Council [DP120102162, DP220101633].

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