

Cottee's \$1b gas deal defies sceptics



Realistic: Richard Cottee.

Angela Macdonald-Smith

Central Petroleum chief executive Richard Cottee has defied sceptics of the idea of Northern Territory gas supplying eastern manufacturers, signing up Incitec Pivot in a conditional deal that could be worth more than \$1 billion.

The initial accord struck by Mr Cottee with his long-time friend, Incitec Pivot chief executive James Fazzino, envisages deliveries of 15 petajoules a year of gas for 10 years, potentially starting in 2018.

Gas would be delivered from Central's Palm Valley and Dingo fields near Alice Springs and shipped through a mooted \$1.3 billion pipeline linking the NT with the national gas grid.

The viability of the NT gas pipeline has been questioned by some observers, including the Grattan Institute, and would require several more customers and supply sources to go ahead. But Mr Cottee said the agreement with Incitec Pivot showed the concept was realistic.

He said Central could prove the sceptics wrong, just as he did in the embryonic days of Queensland's coal seam gas industry when heading up

Queensland Gas Co more than 10 years ago.

"We are clearly stating that you can produce Northern Territory gas at a price acceptable to manufacturers on the eastern seaboard," Mr Cottee said.

"We have put our foot on the sticky paper. I don't care what the commentators say: they don't have to put their foot on any sticky paper. I have and I did it at QGC against all the commentators."

Gas would be supplied at a price per gigajoule below the "double figures" that Industry Minister Ian Macfarlane suggested that NT supplies would cost for NSW users, Mr Cottee said.

Assuming a price of \$8 a gigajoule, the deal, if firmed up, would be worth \$1.2 billion over its 10-year life.

Mr Fazzino said the tariff for the gas would "take us back to the price before the recent mark-up" in tariffs due to the LNG export projects being developed in Queensland.

"There is a lot of water to go under the bridge but if anyone can do it it's Richard," Mr Fazzino said.

The gas would be supplied through an expansion of Central's fields, Dingo and Palm Valley.