

Junior explorers win gas acreage in Qld

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Central Petroleum and Armour Energy have won the bidding for the next gas exploration acreage released by the Queensland government exclusively for domestic supply, indirectly throwing a lifeline to Incitec Pivot's Gibson Island fertiliser plant, which has forged a partnership with Central.

Incitec said yesterday it would now exclusively negotiate with Central for gas supply from the new acreage, with the intention that some of the fuel will be used to feed Gibson Island. The fertilisers maker said it could provide up to \$20 million to help prove up gas.

The fate of the Gibson Island plant has been hanging by a thread as Incitec hunts to replace an existing supply contract that ends in September with affordable new gas. While the new acreage would only supply gas from around 2022, Incitec's deal with Central also allows for the negotiation of interim gas supplies until at least the end of 2019.

Incitec chief executive Jeanne Johns said that while the economics of new gas supply for Gibson Island were "challenging", the award of the new acreage "creates a pathway for IPL to work with Central to secure an affordable source of gas for our Gibson Island plant".

The news on the latest Queensland move to beef up domestic gas supplies came as the Victorian government locked itself further into its ban on onshore gas.

"The ban is not being lifted, period," Victorian Treasurer and Resources Minister Tim Pallas told a domestic gas

conference in Sydney, just after Queensland's Energy Minister, Anthony Lynham, called on other states to follow his state's lead.

The two junior explorers beat what is understood to be keen competition to win the new acreage, part of Queensland's initiative to ensure enough gas for domestic use amid a surge in LNG exports from Gladstone. The first ground in the state's initiative was awarded last year to Senex Energy, which also bid in the latest tender.

The Queensland government is helping to secure Australian industry.

Richard Cottee, Central Petroleum

Dr Lynham announced an expansion of the initiative with a further 6000 square kilometres of ground to be offered for exploration for domestic supply, as well as 111,000sq km without any restrictions on marketing.

He criticised state governments that are restricting access to gas resources but are happy to use Queensland's gas. Those moratoria and bans were only making it harder and more expensive for consumers during the country's transition to cleaner energy supply, the minister said.

But Mr Pallas said the government was protecting agribusiness and other existing industries and was not prepared to put its land and water resources at risk. The failure of the gas



Richard Cottee says Queensland's domestic gas supply initiative will support jobs and manufacturing. PHOTO: KIRK GILMOUR

industry to gain a social licence to operate required the ongoing consultation and study of onshore gas taking place under the government's gas initiative.

Mr Pallas noted that that initiative includes measures to boost offshore exploration and production, including new acreage to be offered offshore near the Halladale/Speculant field. The government is also encouraging an expansion of underground gas storage.

In Queensland, Central Petroleum

was awarded exploration permits for 77sq km in the Surat Basin, 28 kilometres north-west of Miles.

Managing director Richard Cottee said Queensland's domestic gas supply initiative would support jobs and local manufacturing. "The Queensland government is helping to secure Australian industry and the right way to do this is by increasing rather than rationing supply," Mr Cottee said.

Armour Energy's permits involve a

318sq km area 17 kilometres north of Surat, near its existing blocks and infrastructure.

Chief executive Roger Cressey said Armour's existing infrastructure there would ease the way to development.

Central and Armour now need to negotiate land access and native title, and meet environmental requirements before petroleum leases are granted.

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