East coast gas market update

Rick Wilkinson,
Head of Consulting,
EnergyQuest

11 November 2019

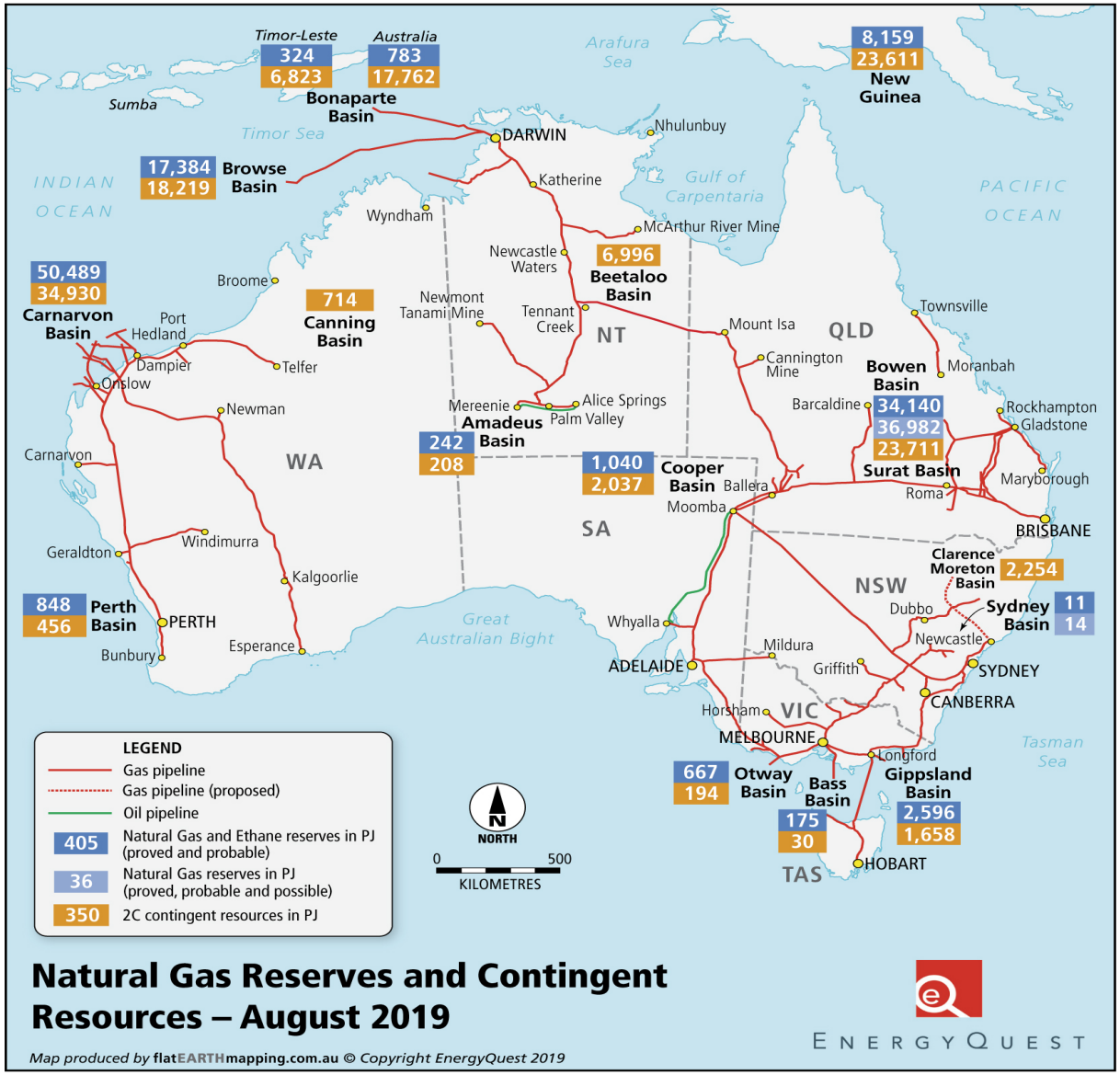
Moomba at twilight courtesy Santos

EnergyQuest

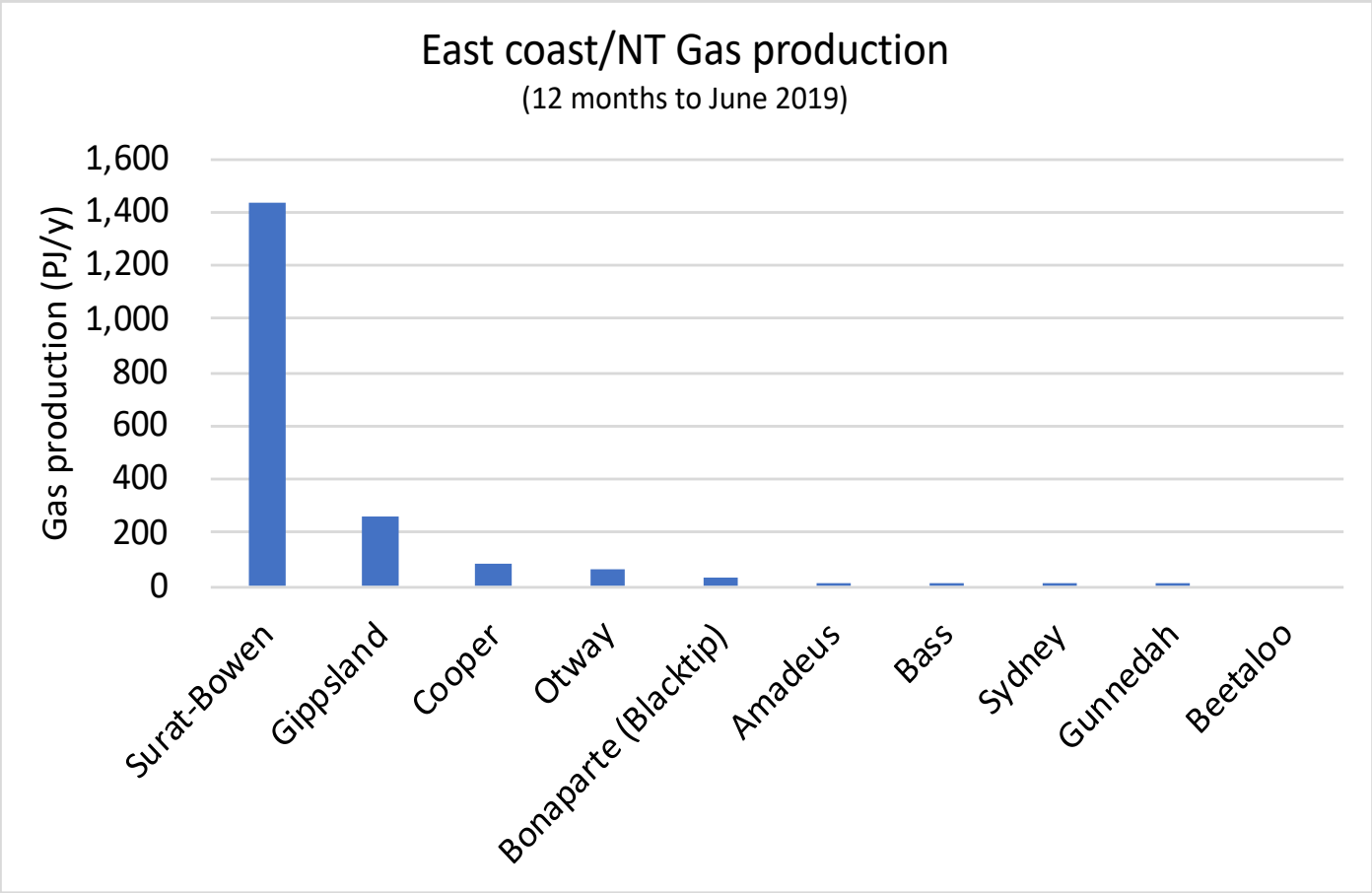
EnergyQuest

- Energy advisory firm, providing independent energy market analysis and strategy for energy companies, energy buyers, investors and governments around Australia and around the world.
- Founded in 2005 by Graeme and Susan Bethune
- EnergyQuarterly flagship report widely used and referenced source of proprietary data and analysis.

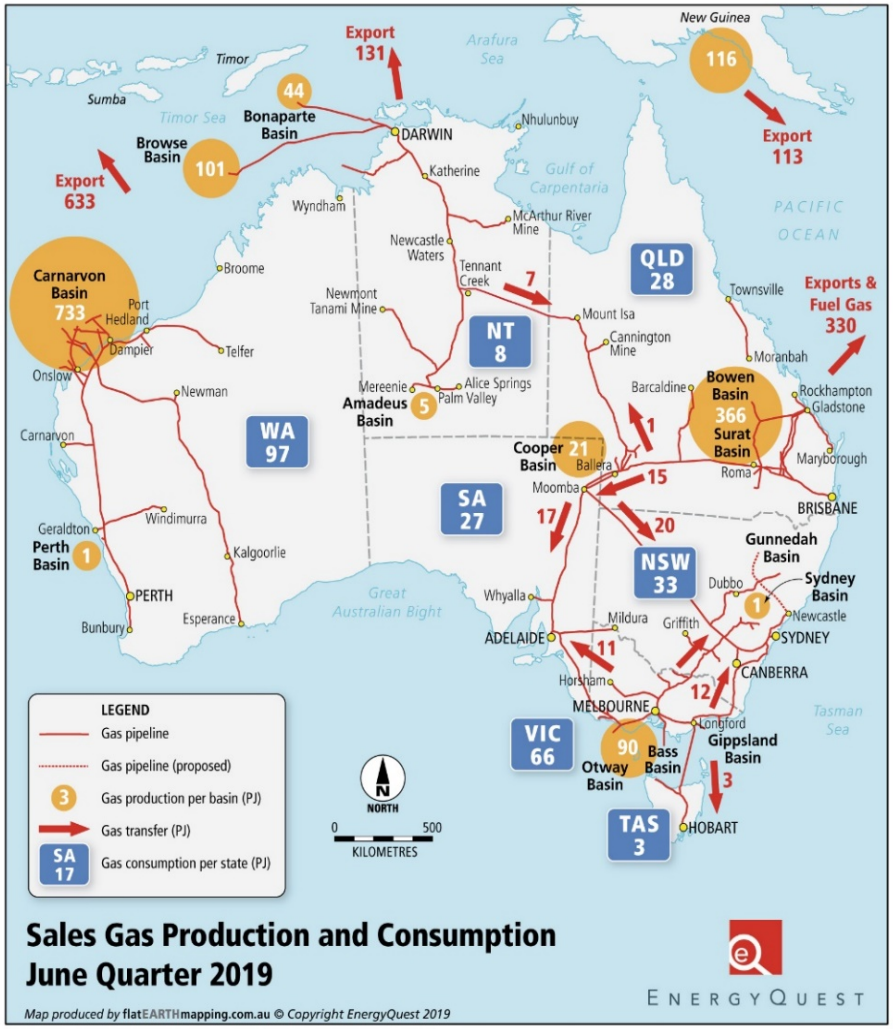
Gas reserves and resources



East coast/NT gas production by basin



Gas flows



Qld: now the major east coast gas producer. Exports LNG. Produces more than it exports as LNG. Also exports to SA/NSW (15 PJ in Q2). Qld expected to peak by mid next decade. Potential Arrow acreage development (6,700 PJ 2P).

SA: cannot meet its own gas needs. Deficit of 6 PJ (22%) in Q2. Exports to NSW but imports from Vic and Qld.

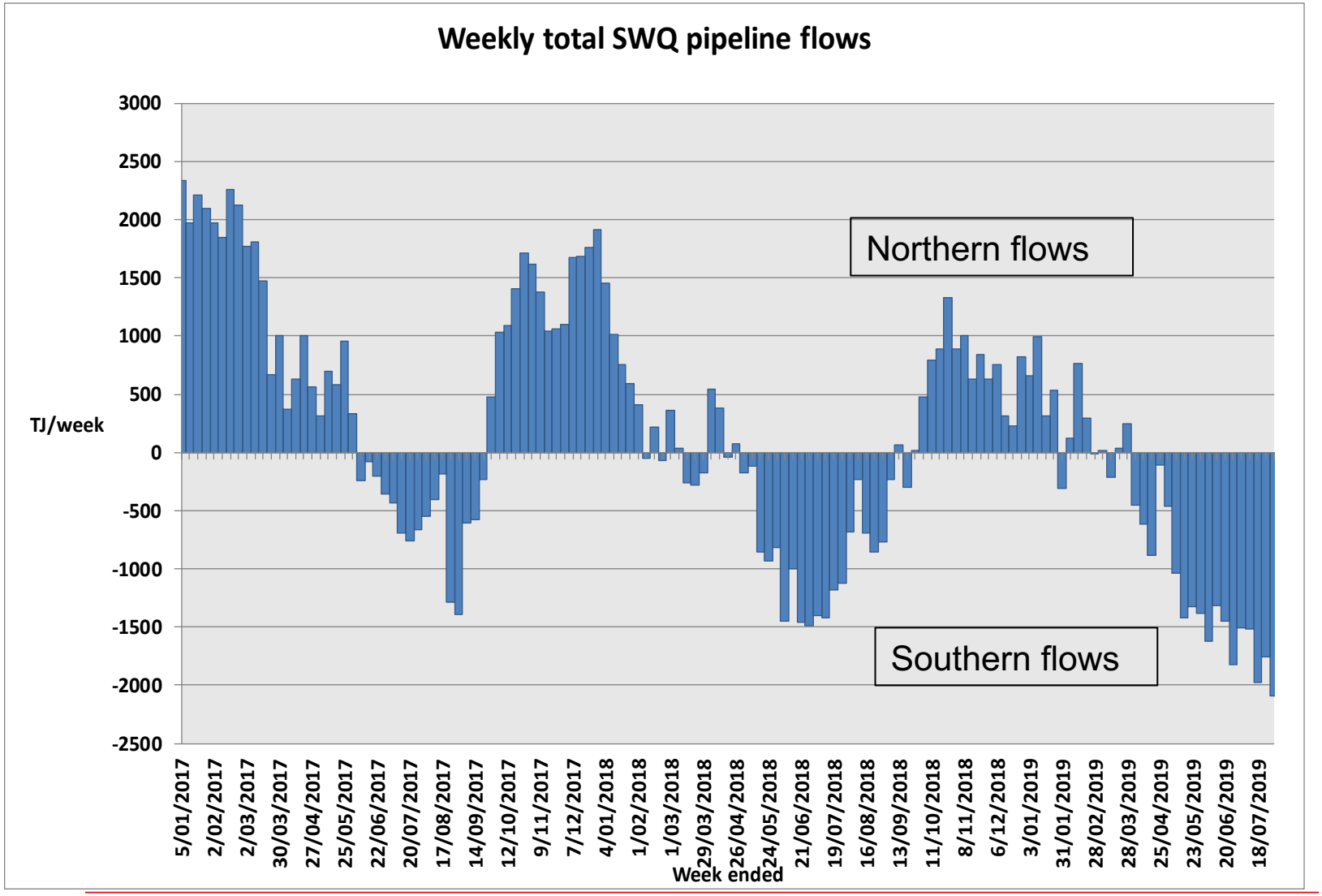
NSW: >10,000 PJ CSG resource but virtually no production. All gas imported. Proposed Santos Narrabri project.

Victoria: offshore declining, unable to meet own demand within 5 years let alone supply SA and NSW. Onshore exploration not allowed.

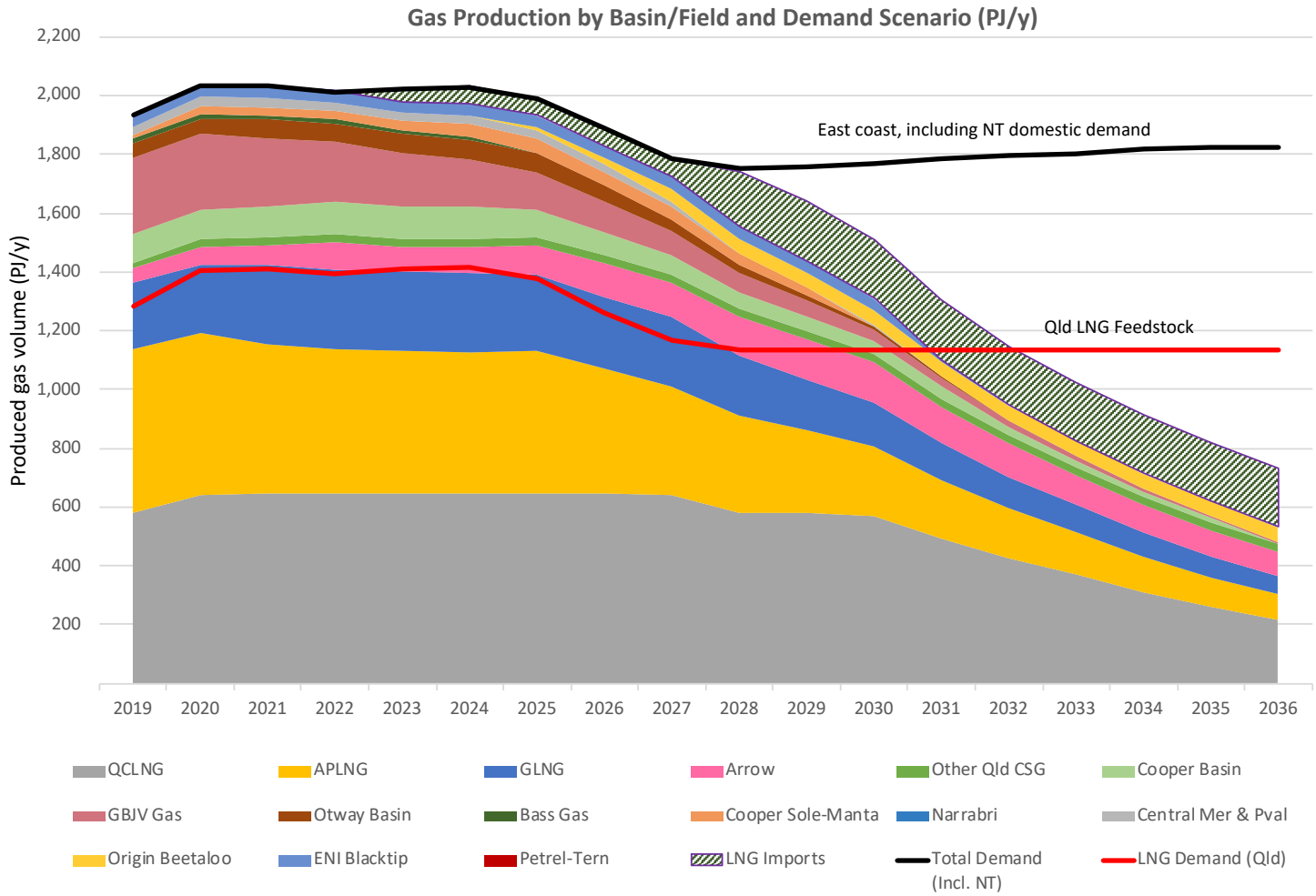
NT: now linked to east coast. Beetaloo contingent resource ~7,000 PJ.

WA: active onshore exploration and development, gas surplus, prices <Henry Hub.

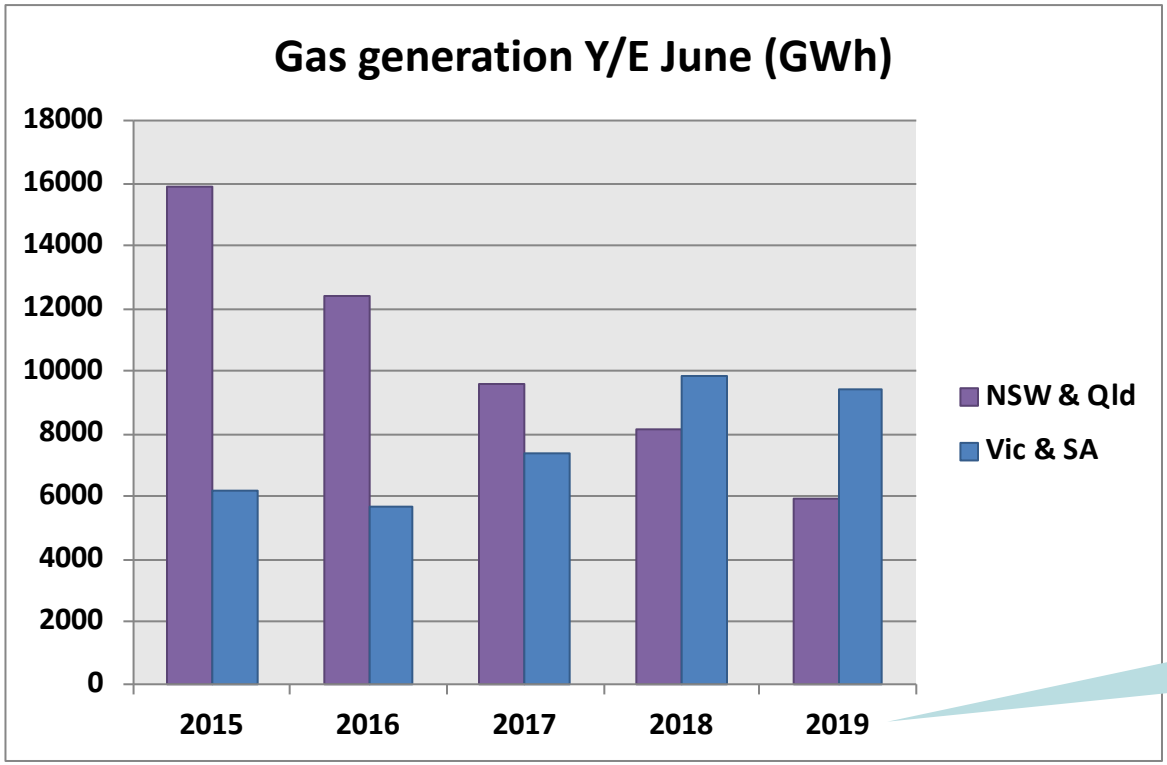
The gas supply outlook



Demand – Supply Scenario



GPG grows with coal retirements



2018/19 GPG
146 PJ

Sources: EnergyQuest, Dept of Environment and Energy

- May 2016: Northern Power Station closed
- March 2017: Hazelwood Power Station closed

Sign posts to the future

The gas industry is in a high degree of uncertainty with serious consequences. Watch for key sign posts to the unfolding scenario's…

- Arrow Energy gas – Surat/Southern Bowen, and northern Bowen
- Esso/BHP contract term and prices. Shadow pricing?
- LNG import impacts on infrastructure and contracting
- Bonaparte and NT
- Government interventions
- … and the unexpected

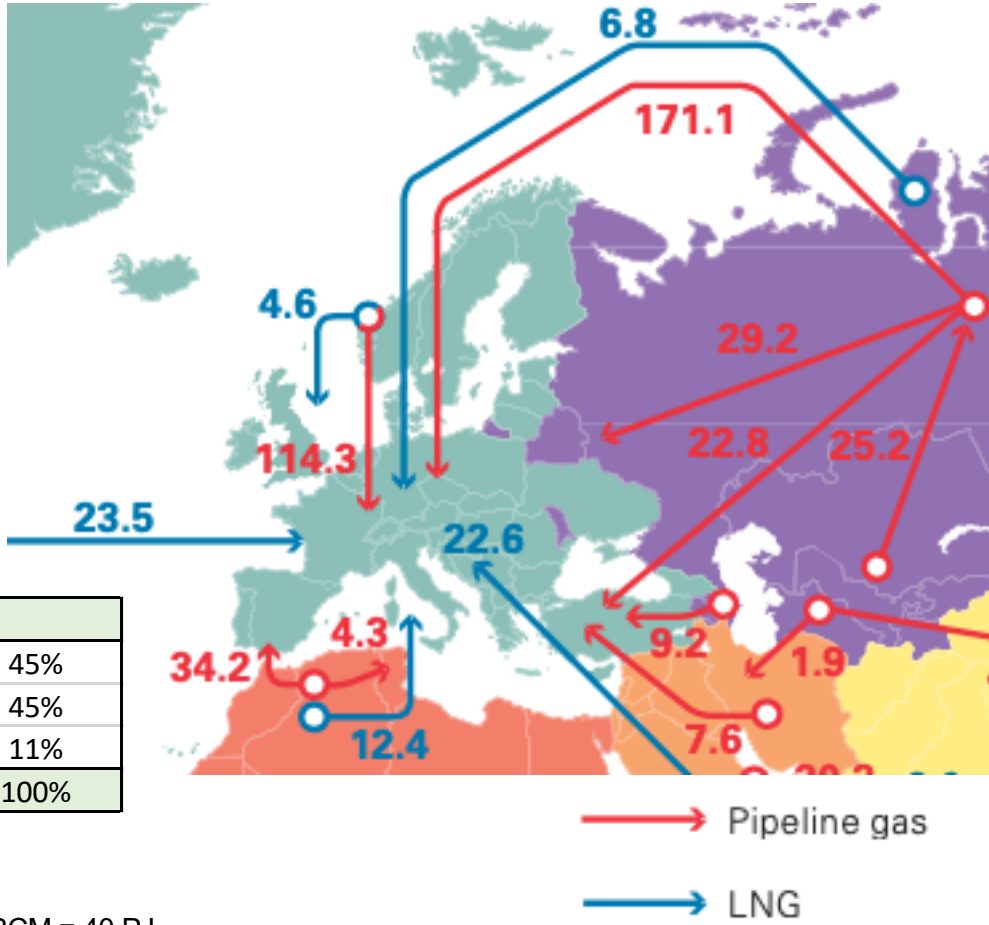
Europe – a model for the east coast?

Europe is a gas market with:

- Domestic gas production
- Long distance pipeline gas supply
- LNG imports

… is this the future for the east coast?

European gas flows 2018 (BCM)



2018 Gas Volumes	BCM	PJ	
Pipeline ex-Europe	249	9,960	45%
Production	251	10,028	45%
LNG	60	2,392	11%
TOTAL	560	22,380	100%

Source: BP Statistical Review of World Energy 2019; 1 BCM = 40 PJ

Thank you

ENERGYQUEST
Telephone +61 (0)8 8431 7903 **Facsimile** +61 (0)8 8431 6620

Address Level 30, 91 King William Street, Adeliade, Australia 5000

Web www.energyquest.com.au