

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Estimates 2007-08

21 February 2008

Question: AR-8

Topic: Petroleum activity within Australia.

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Senator Johnston asked:

Senator JOHNSTON—How does the department go about, at any given moment, saying what is on the go? When I say ‘what is on the go’, I want to talk about projects that are drilled up but are not in production. I think I need to try and tie this down. What is happening out there is a picture that I think we all need to know and understand, for policy reasons. What can you tell me about what is drilled up but is not yet in production but that we think will go into production?

Mr Hartwell—Again, I have to qualify my answer by saying these are commercial decisions and—

Senator JOHNSTON—Let’s say all things being equal?

Mr Hartwell—There are a number of projects on the drawing board in Australia in relation to gas, some of which I would imagine you are familiar with—for instance, the Gorgon project in offshore Western Australia. As well, as you move further up the coastline in Western Australia, there are the Browse projects and the Scarborough project. Then as you move around to the Timor Sea there are some areas there which are prospective. We would suggest that what is mainly to the fore at the moment in terms of proposals would be the Gorgon project, if you are talking about LNG projects. There is certainly a lot of work going forward on the Scarborough project. There are two projects in the Browse: the INPEX-operated project and the one there operated by Woodside out from Scott Reef. Then as you move around there is the Sunrise project which is shared between Australia and the joint area that we have with East Timor. They would be the major headline projects but then there is a whole range of—and we can provide you with a list—smaller gas deposits which are being looked at as various possibilities of development. So there is no shortage of possible projects.

Answer:

The vast majority of areas with petroleum activity are in Commonwealth waters offshore Australia, with the primary regions being Bass Strait between Victoria and Tasmania, the Carnarvon Basin offshore of Western Australia and the Bonaparte Basin in the Timor Sea. As Mr Hartwell mentioned there are a number of major offshore gas projects currently under construction or consideration, including Pluto, Browse, Gorgon, Scarborough and Ichthys. The Cooper-Eromanga Basin in Central Australia is the primary onshore gas production area. In a relatively new development, there have also been a number of proposals to produce LNG from onshore coal seam methane gas in Queensland: Santos LNG (3-4mtpa), BG Queensland Gas Co (3-4mtpa), LNG International (1.4mtpa), Sunshine Gas (0.5mtpa).

Under Commonwealth petroleum law, a discovery which is recognised by the government is called a "Location". Locations are the basis for the award of Production Licences, or Retention Leases if an area is likely to be commercialised in the future but is not yet ready for production. In that sense, Locations, Retention Leases and Production Licences are in varying stages of being in the development pipeline. A table of current Locations, Retention Leases and Production Licences in Commonwealth waters is attached. The information is sourced from ABARE, company websites and State and Territory Governments.