

Time to Bight the bullet over gas scare campaign

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8 January 2020



Anti-drilling protesters gather at Brighton Beach in South Australia. Picture: AAP

The NSW government is considering approving the establishment of a liquefied natural gas import facility moored off Port Kembla. This same government has erected formidable barriers to domestic gas production.

Gas imports to Australia were last considered 20 years ago. The source was to be Papua New Guinean gas, to be sent here via sub-sea pipeline, then distributed — again by pipeline — to Queensland and NSW. The then federal government liked the idea as a way of providing aid to PNG.

At the time, Santos and Origin Energy were in the early stages of developing coal-seam gasfields in southern Queensland but were struggling to secure domestic markets for their gas.

Gas prices were less than \$3 a gigajoule, a similar price to that which prevailed then and now in the US but less than half today's Australian price.

However, gas drilling methods were about to be revolutionised. In a world first, the small, privately owned company CH4 Gas drilled three surface-to-inseam horizontal holes in the Moranbah gasfields,

170km west of Mackay. These intersected pre-drilled vertical holes that became the gas production wells.

The then premier of Queensland, Peter Beattie, agreed to convert the Townsville Power Station to gas and to open the supply to tender. Against competition from Oil Search with PNG gas, and Origin Energy with its own CSG proposals, CH4 was successful.

This became the catalyst for the development of a major domestic gas production industry in the Bowen and Surat basins, which has grown to supply industrial markets, power stations, domestic consumers and also LNG exports. Indeed, Queensland's domestic CSG industry has made an enormous contribution to the state's prosperity through employment, royalties and regional development.

NSW, with coal resources having similar gas potential to those in Queensland, took the opposite route. The government succumbed to the fashionable ailment of the day — FOF, or fear of fracking. Confronted by a scare campaign from the green axis of hobby farmers, Balmain greenies, horse breeders and such, and supported by Alan Jones, the state government went to water and foreclosed the opportunity to develop a comparable industry to that of Queensland.

NSW stopped all CSG exploration and amplified this detrimental decision by a ban on a conventional gas exploration venture by Metgasco near Casino. Participants in CSG exploration lost their assets or fled the country or both, the only exception being Santos and its Narrabri project in northwest NSW. Politicians were warned that a gas shortage would kick in about 2017 as contracts from the Cooper Basin fell away and that domestic prices would rise. This advice was ignored and the shortage has come to pass.

While the NSW government was implementing its damaging regulatory policies, Victoria went one step further and banned all domestic gas exploration. The Northern Territory also banned fracking but in an encouraging change has now reversed course, leaving the way clear for development of its shale resources.

NSW policy preventing domestic exploration and production from the state's potentially large resources has opened the way for imported LNG as a viable option. But even if this is profitable, it means the state sacrificing development and acquiescing to higher gas prices for households, as well as for energy and feedstock to value-adding industries like chemicals.

Moreover, a nagging threat to the viability of the LNG import facility is a major gas discovery in the Great Australian Bight. One firm, Equinor, wishes to drill there and the offshore reservoir conditions could well be like those of the gasfields of Bass Strait, with highly accessible large reservoirs and resultant high production rates.

Any major gas production from offshore South Australia could not only supply that state but could also feed into the existing pipeline system to supply NSW. Unsurprisingly, there is vocal opposition to drilling in the Bight from the Greens and the politically correct who enjoy the benefits of fossil fuels but don't seem to comprehend how the stuff is sourced.

Opponents to exploratory gas work in the Bight also include mining magnate Andrew Forrest's Munderoo Foundation.

Perhaps coincidentally, Forrest has interests in the planned NSW LNG import terminal, the viability of which might be challenged by an expansion of offshore gas from South Australia, or from gas from shales in the NT.

Embargoes, red tape, green tape and other interventions such as the subsidisation of wind and solar power systems have transformed Australia from a low to high-cost energy producer. It would be tragic if this were to continue, exacerbated by the denial of opportunities to produce gas from low-cost domestic resources.

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