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Santos Shell JV wins new Queensland domestic gas acreage

Santos is pleased to have been appointed as preferred tenderer to explore new acreage in Queensland's key gas-producing Surat and Bowen Basins, in a 50-50 joint venture with Shell.

Santos is the designated operator and is delighted to be working in partnership with Shell to explore this exciting acreage.

The PLR201718-2-5 licence covers approximately 400 square kilometres, located 19 kilometres east of the town of Surat (see map), and was released by the Queensland Government exclusively to boost domestic gas supply on the east coast.

The acreage is immediately south of the Wallumbilla hub which means the Santos Shell joint venture can take advantage of existing infrastructure, lowering development costs and accelerating the delivery of natural gas to the domestic market.

Exploration in the new acreage will target natural gas in deep sandstone reservoirs of the Bowen Basin, beneath the Surat Basin.

If the results are positive, the Santos Shell joint venture will potentially unlock a material new gas supply source for the Australian east coast domestic gas market.

Santos is on track to supply about 70 PJ of natural gas to the east coast domestic market in 2018, which is almost 13 per cent of expected demand this year.

For 50 years, Santos has been proudly supplying natural gas to power Australian industry and has recently signed long-term gas supply agreements with Australian manufacturers Brickworks and Visy.

"As Australia's lowest cost onshore natural gas developer, I am very pleased that Santos will be the operator to develop these blocks exclusively for the domestic market because low cost supply is the best way to put downward pressure on gas prices," Mr Gallagher said.

"Santos has reduced connected well costs in Queensland by 84 per cent and completed well costs in the Cooper Basin by 50 per cent since 2015."

"This has enabled us to drill a record ~300 GLNG wells in Queensland this year and ~90 wells in the Cooper – the most wells in a year since 2014."

"Drilling more wells and lowering production costs – extracting more gas for less money – is good for competition and good for consumers," Mr Gallagher said.

"Santos appreciates the support of the Queensland Government for the gas industry which is making Queensland communities stronger through jobs, small business opportunities, investment and economic growth," Mr Gallagher said.

(Map of PLR201718-2-5 on page 2)

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