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Santos completes acquisition of Eastern Star Gas

Santos today completed its previously announced acquisition of Eastern Star Gas Limited. The transaction gives Santos the largest natural gas reserves position in NSW.

Santos now operates and owns 80% of coal seam gas (CSG) permits formerly held by Eastern Star, taking its total NSW reserves position to 1,216 PJ of 2P reserves and 2,238 PJ of 3P reserves.

TRUenergy will own the remaining 20% of the permits under a separate transaction to be completed in conjunction with the acquisition.

Santos is one of Australia's largest domestic natural gas producers and has a long track record of working with local communities to safely and sustainably produce natural gas.

Santos Chief Executive David Knox said Santos was committed to ensuring that the CSG industry develops in the Gunnedah Basin without impacting the role the region plays as an important agricultural producer.

"The growth of the natural gas industry in the Gunnedah Basin has the potential to bring at least a thousand new jobs and hundreds of millions of dollars in additional investment to local communities across the region," Mr Knox said.

Santos acknowledges concerns expressed by local communities about some of Eastern Star's development plans.

Giving testimony today to the NSW Parliament Upper House Inquiry into Coal Seam Gas, Santos Vice President Eastern Australia James Baulderstone announced several initiatives that underscore the approach that Santos is taking to the development of its CSG business in NSW, including:

- Withdrawal of the Eastern Star's application for the pipeline route from Narrabri to Wellington; and
- A commitment to have Eastern Star's existing Narrabri CSG project application reviewed under the new Part 4 of the Environment Planning and Assessment Act, even though the application is entitled to be dealt with under the former Part 3A process.

Mr Baulderstone said: "Santos appreciates public concern associated with CSG development and we are committed to demonstrating that CSG can be developed safely, sustainably and in co-existence with agriculture."

“We are conducting a thorough review of all of Eastern Star’s current operations and future project plans and will consult widely with local communities as we consolidate our development plan for northern NSW.

“Over the next year, Santos will continue working with the community to progress plans to drill 15 pilot exploration wells and associated water monitoring bores, with a similar level of exploration over the following couple of years if the initial activity is successful.

“The data and knowledge we collect from those wells and water monitors will provide the scientific basis for CSG development and production applications in the future.

“Santos will spend about \$500 million on this exploration research and all of the data we collect will be made freely available to the public and regulators for scrutiny and use in other public water resource studies and regulatory activities.

“This is part of Santos’ commitment to working closely with the communities in which we want to develop our businesses,” Mr Baulderstone said.

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