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Santos signs new long term domestic gas supply deal with Brickworks

Santos is pleased to announce that it has signed a new long term natural gas supply agreement with Brickworks Limited for its east coast operations through to the end of 2024.

This new supply agreement will provide Brickworks' east coast operations with a flexible source of natural gas at competitive, stable, long term prices.

The natural gas contracted to Brickworks will supply its east coast operations in South Australia, Victoria, Queensland and New South Wales. Santos will supply gas from fields in the Cooper Basin.

Santos will supply up to 15PJ of natural gas over the life of the agreement, allowing Brickworks to continue its focus on operational excellence.

Santos Managing Director and CEO Kevin Gallagher said this natural gas supply agreement is another demonstration of Santos' commitment to secure the future of Australian manufacturing jobs.

"Santos is actively participating in the wholesale commercial and industrial market on the east coast, adding to competition in the domestic market and helping deliver more competitive natural gas prices and terms for Australian industry," Mr Gallagher said.

"We believe that providing a wholesale supply option has helped deliver a better price outcome for Brickworks."

Since 2015 Santos has reduced connected well costs in Queensland by 84 per cent and completed well costs in the Cooper by 50 per cent to become Australia's lowest cost onshore natural gas developer.

"Drilling more wells and lowering production costs – extracting more gas for less money – is the best way to keep downward pressure on gas prices."

Brickworks said it sees significant advantages in sourcing supply from the wholesale market which has delivered increased supply flexibility that has enabled it to better manage the variable nature of the brick production process.

"The new gas supply agreement with Santos provides our east coast operations with flexibility and certainty of gas supply at competitive prices and will underpin our strong manufacturing position in Australia," Brickworks Managing Director Lindsay Partridge said.

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

Ends.

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