

9 May 2019

Santos signs MOUs with Brickworks and Weston Energy for Narrabri gas

Santos today announced it has signed non-binding memoranda of understanding with Brickworks and Weston Energy for the supply of natural gas from the Narrabri Gas Project.

Under the proposed transactions, Santos would supply Brickworks¹ with up to 3 PJ per year of natural gas from Narrabri for seven years from 2025 and Weston Energy² with 10 PJ per year for 10 years, commencing no earlier than 2023. The supply of Narrabri gas is subject to a final investment decision, negotiation and execution of a definitive gas supply agreement and approvals by each party.

Santos also has a non-binding Narrabri gas supply agreement in place with Perdaman for a proposed new fertiliser plant at Narrabri, creating a new local industry.

Weston Energy Chief Executive Officer Garbis Simonian said this is an important step towards a better energy future for NSW.

“This agreement provides a simple pathway for new sources of gas to readily supply NSW businesses. It will increase competition and security of gas supply for NSW manufacturers and gas users,” Mr Simonian said.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said manufacturers on the east coast are crying out for more gas supply and more competition which will put downward pressure on gas prices.

“We have committed 100 percent of Narrabri gas to the domestic market, enough to supply up to half of NSW’s needs and help support about 300,000 jobs in NSW that rely on natural gas,” Mr Gallagher said.

“In Sydney and throughout regional NSW, customers understand the benefits of a local, reliable, competitively-priced natural gas supply just a few hundred kilometres away in Narrabri. Narrabri gas will be very competitively-priced because we will bring to Narrabri the safe, low cost operating model that we have successfully implemented in Queensland.”

“Gas from Narrabri will always be cheaper than gas imported from other states or from overseas.”

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¹ Brickworks is one of the nation’s leading providers of building products, from bricks to precast concrete panel, pavers, roofing tiles and timber products.

² Weston Energy is a specialist gas retailer and trader which has been enabling business customers to purchase gas from retail markets at hub price since 2016.

Media enquiries

Daniela Ritorto
+ 61 8 8116 5167 / + 61 (0) 455 319 770
daniela.ritorto@santos.com

Investor enquiries

Andrew Nairn
+ 61 8 8116 5314 / + 61 (0) 437 166 497
andrew.nairn@santos.com

Santos Limited ABN 80 007 550 923

GPO Box 2455, Adelaide SA 5001
+ 61 8 8116 5000
www.santos.com

“Santos has spent more than \$500 million on the Narrabri Gas Project since acquiring Eastern Star in 2011. We’ve applied the best science to our environmental impact assessment and the NSW Government has put strong environmental regulation in place.

“We have a proven record of developing coal seam gas resources safely and without harm to the environment or water resources, and a development consent decision is now a matter for the NSW Independent Planning Commission,” Mr Gallagher said.

Santos is on track to supply more than 70 PJ per year of natural gas to the east coast domestic gas market this year, approximately 14 per cent of total demand.

Ends.