

## Media Release

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30 January 2020

### Santos and Beach Energy back Australian manufacturing in new six-year ethane gas contract

Cooper Basin joint venture (SACB) partners Santos and Beach Energy today announced the extension of ethane gas supply to Qenos, Australia's sole manufacturer of polyethylene and leading supplier of world-class polymers.

The new sales agreement will enable Qenos to maintain its operations at Botany Bay in Sydney and secure over 500 jobs associated with its NSW activities.

Ethane is an essential input for Qenos' production of polyethylene which in turn is used by other manufacturers in Australia across a range of industries and applications including consumer and industrial packaging, water conservation, waste management and agriculture.

The sales agreement runs from 1 January 2020 to 31 December 2025 and is expected to supply up to 15 petajoules of ethane per annum. The ethane required by Qenos is processed via a dedicated facility at the Moomba Gas Plant, operated by Santos on behalf of the SACB joint venture in northeastern South Australia.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the company has had a long association with Qenos and is pleased to work together to secure Australian jobs and power Australian industry.

"Santos is continuing to invest in new natural gas supply for the domestic market around the nation, including in the Cooper Basin where we increased production last year for the second year in a row and drilled a record 115 wells. Here in NSW, we want to bring the Narrabri Gas Project to fruition," Mr Gallagher said.

"The only way to put downward pressure on gas prices for NSW customers is to develop new gas supplies closer to market. A commercial baker in Sydney pays around \$26,400 more every year for gas than a similar business in Brisbane.

"Santos' Narrabri Gas Project would be developed solely for the east coast domestic market and could produce enough gas to supply up to half NSW needs, so it's vital that the assessment and approval process is completed as soon as possible and, if approved, we will get on with the job of delivering competitively-priced Narrabri gas for NSW households and businesses."

Beach Energy Managing Director Matt Kay said he was extremely proud to be involved with a sales agreement that was critical to supporting Australian manufacturing jobs.

"As a proud Australian company, we are a key supplier of natural gas to the domestic market and the Qenos contract again highlights our commitment to local customers," Mr Kay said.

"Beach will look to build on this in the coming years as we make significant investments in Victoria and South Australia to bring more gas supply to the domestic market. This financial

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year alone, Beach is spending around \$500 million to develop new gas for the east coast market.”

The Qenos Botany site covers 37 hectares in a major chemical and plastics manufacturing area located next to Botany Bay shipping terminal. The three major facilities at Botany – Olefines, Alkathene and Alkatuff – produce ethylene, low-density polyethylene (LDPE), linear low-density polyethylene (LLDPE) and high-density polyethylene (HDPE). The polyethylene produced is used across a range of industries and applications including consumer and industrial packaging, water conservation, waste management and agriculture.

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