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Qenos contract secures continued gas supply and jobs

Santos and its joint venture partner Origin Energy today announced the 5-year extension of ethane gas supply to Qenos, Australia's sole manufacturer of polyethylene and leading supplier of world class polymers.

The extended sales contract, which underlines the criticality of secure gas supply to NSW's manufacturing sector and broader business community, will enable Qenos to maintain its operations at Botany Bay in Sydney and secure over 300 jobs associated with its NSW activities.

Gas is an essential input for Qenos' production of polyethylene used across a range of industries and applications including consumer and industrial packaging, water conservation, waste management and agriculture. The gas required by Qenos is processed via a dedicated facility at the Moomba gas plant, operated by Santos in north eastern South Australia.

Santos Vice President Eastern Australia James Baulderstone said the extension of gas supplies to one of the company's long standing customers highlighted Santos' commitment to the domestic gas market.

"Our Cooper Basin joint venture is one of Australia's largest sources of domestic gas supply, and Santos is committed to ongoing supply to the domestic energy needs of the east coast market," Mr Baulderstone said.

"Natural gas is already a critical energy source for NSW, and its importance will grow in the years ahead, just as demand for gas on Australia's eastern seaboard dramatically increases with the commencement of LNG exports from Queensland.

"Natural gas provides around 45% of the energy requirements of Australia's manufacturing sector, and this transaction with Qenos highlights that unless NSW can secure future gas supplies, businesses and jobs will be at risk."

Santos analysis estimates over 15,000 industrial jobs in NSW are dependent on gas supply as a critical business input, with many more people employed by companies that use natural gas.

Santos has supplied ethane gas to Qenos since June 1996 via the dedicated Moomba to Sydney Ethane Pipeline. The current supply contract expires on 31 December 2014.

Qenos Chief Executive Officer Jonathan Clancy said securing gas supply was essential to the company's ongoing NSW operations.

"Securing this extension of our ethane supply for the next five years underpins our NSW business, by enabling us to undertake a significant major maintenance investment in 2015, reinforcing our ongoing commitment to supply our customers and the Australian market," Mr Clancy said.

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Origin CEO Upstream, Mr Paul Zealand, said: "Origin is pleased to have been able to work with Santos to support the continued supply of ethane to Qenos in support of the local manufacturing industry and the domestic gas 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.