

4 March 2020

Santos and BP enter non-binding agreement on Moomba carbon capture and storage project

Santos is pleased to announce it has entered a non-binding agreement with BP that could lead to BP investing A\$20 million in support of Santos' Moomba carbon capture and storage (CCS) project in South Australia.

This non-binding agreement is subject to finalisation of terms and a final investment decision targeted for the end of 2020.

Santos has entered front end engineering design (FEED) for the Moomba CCS project.

The project proposes to capture the 1.7 million tonnes of carbon dioxide currently separated from natural gas at the Moomba gas processing plant each year and to reinject it into the same geological formations that have safely and permanently held oil and gas in place for tens of millions of years.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the non-binding agreement between Santos and BP is a big vote of confidence in Santos' proposal to capture carbon dioxide from the Moomba plant and safely and permanently store it in geological formations of the Cooper Basin. It also creates opportunities for CCS-related knowledge sharing from BP's global operations.

"We welcome this agreement with BP that brings the Moomba CCS project closer to fruition," Mr Gallagher said.

"We estimate the cost of this abatement at less than A\$30 per tonne and our aim is to drive these costs lower with scale and experience.

"Australia needs low-cost, large-scale abatement to maintain our position as a leading energy exporter and manufacturer of energy-intensive materials such as steel and cement, as well as to enable new industries such as hydrogen.

"Santos' Moomba CCS project is an important first step.

"With the Cooper Basin's reinjection capacity assessed at up to 20 million tonnes of carbon dioxide per year for 50 years, it has the potential to be a large-scale carbon sink for power generators and other industries in eastern and southern Australia.

"Today, CCS projects globally store around 40 million tonnes per year of carbon dioxide, far short of the more than two billion tonnes of carbon dioxide the International Energy Agency forecasts that CCS projects will need to store each year by 2040 if the world is to meet its climate aspirations.

"Just as private investment in renewable energy deployment was accelerated through public policy and funding over the last two decades, we now need to focus on accelerating CCS in

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similar ways to achieve the scale and experience that will not only drive costs down but will also deliver real scale when it comes to emissions reduction.

“I am very pleased to see the Australian Government recognising the importance of carbon capture and storage, and moving forward with a Technology Investment Roadmap that will include pathways to support development and deployment of CCS.

“A revenue stream, such as from Australian Carbon Credit Units, will be a critical enabler for our Moomba CCS project,” Mr Gallagher said.

BP’s Managing Director Exploration and Production Australia Emil Ismayilov said BP is pleased to be working with Santos on this project.

“We believe CCS has an important role to play in meeting the objectives of the Paris Agreement,” Mr Ismayilov said.

“It can achieve deep emissions reductions in existing power infrastructure and energy-intensive industries that rely on the use of fossil fuels.”

This non-binding agreement between Santos and BP is being made as part of BP’s Good Standing Agreement with the Joint Authority in relation to the cessation of its exploration work program in Commonwealth waters in the Great Australian Bight, adjacent to South Australia.

BP is involved in CCS research, development and projects around the world, including the Net Zero Teeside project in the United Kingdom which aims to be the world’s first large-scale commercial facility for capturing and sequestering carbon emissions from gas-fired power generation. Another aim of the project is to enable neighbouring energy-intensive industries to decarbonise by leveraging the carbon dioxide transport and storage network that would be developed.

Ends.