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Santos welcomes progress on National Gas Infrastructure Plan

Santos welcomes the Federal Government's release of the interim National Gas Infrastructure Plan. Santos Chief Executive Officer and Managing Director Kevin Gallagher said the Plan is based on an open, competitive market approach and encourages investment in new local supply and infrastructure, which is the best way to put downward pressure on east coast domestic gas prices.

"The best thing the government could do to get gas prices down on the east coast is to remove barriers to investment and promote private investment in new gas supply sources and pipelines through stable energy and fiscal policy," Mr Gallagher said.

Further work is required to improve supply and cost forecasts in the final Plan, but Santos is pleased to see the Plan acknowledge that: *Overall new domestic production has a lower delivered cost of gas compared with imports...[and]...New domestic production also provides additional benefits in terms of increasing investment opportunities, particularly in northern and other regional communities, and supports local jobs.*

In New South Wales, the Narrabri Gas Project – a key part of the solution options put forward in the Plan – is now approved and ready for appraisal, with up to A\$215 million to be invested over the next two years, which will be a great boost to local jobs and the region's economy.

However, as a 100 per cent domestic gas project, the domestic gas price must cover the full cost of development and provide an appropriate return on investment. Earlier this week Mr Gallagher welcomed Energy Minister Angus Taylor's comments supporting open, transparent markets rather than price ceilings and re-iterated Santos' commitment to ongoing investment in new supply for both domestic and export markets, saying that, "Scale is important because it gets unit costs down and therefore, puts additional downward pressure on domestic gas prices."

Despite the volatile environment of 2020, the Santos GLNG joint venture continued to develop new gas supply in Queensland's Surat/Bowen coal seam gas fields, drilling over 700 wells and investing around A\$2 billion in gas field developments over the past two years. And in 2021 the joint venture will invest a further A\$800 million with Santos also investing another A\$180 million in other wells and gas development in this region.

In the Cooper Basin in South Australia and southwest Queensland, Santos is investing A\$670 million drilling new wells in 2021 to maintain and grow supply for the east coast domestic gas market.

Mr Gallagher said, "When it comes to internationally competitive prices, our Australian customers always pay less for gas than our Asian customers and that is evident from our public ASX reports. But it is nonsensical that because customers in Louisiana get \$4 gas, then so should customers in Sydney. The cost of gas in various countries will always depend on the cost of supply, just as labour costs in various countries will depend on wage rates in those countries."

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