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Santos announces FID on Moomba carbon capture and storage project

Santos and joint venture partner Beach Energy today announced a final investment decision to proceed with the US\$165 million (A\$220 million) Moomba carbon capture and storage (CCS) project in South Australia, with startup expected in 2024.

Santos has successfully registered the Moomba CCS project with the Clean Energy Regulator.

The Clean Energy Regulator's CCS method provides a crediting period of 25 years, over which period the project will qualify for Australian Carbon Credit Units for emissions reduction from Moomba CCS.

Santos Managing Director and Chief Executive Officer Kevin Gallagher welcomed the Regulator's registration of this globally significant project.

"This carbon reduction project in the South Australian outback will be one of the biggest and lowest cost in the world and will safely and permanently store 1.7 million tonnes of carbon dioxide per year in the same reservoirs that held oil and gas in place for tens of millions of years," Mr Gallagher said.

"We forecast a full lifecycle cost of less than US\$24 per tonne of CO₂ including cash costs in operation of US\$6-8 per tonne of CO₂, with first injection targeted for 2024.

"This decision is a critical step in decarbonising natural gas on our path to new low-emissions and clean-burning fuels such as hydrogen.

"It is also an important milestone in our plan for Santos to achieve net-zero Scope 1 and 2 emissions by 2040."

The International Energy Agency's (IEA's) Sustainable Development Scenario requires a hundredfold increase in CCS between now and 2050 to achieve the world's climate goals – going from 40 million tonnes of CO₂ stored each year today to 5.6 billion tonnes in just 30 years time.

IEA Executive Director Fatih Birol said recently: "Our numbers show that reaching net-zero goals without CCS will be almost impossible."

Mr Gallagher said: "If we do not decarbonise the hydrocarbon fuels that still make up just over 80 per cent of global primary energy and provide 60 per cent of the world's clothing fibres along with other essential everyday products, then the world will simply not reach net-zero by 2050.

Media enquiries

James Murphy
+61 (0) 478 333 974
james.murphy@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
T +61 8 8116 5000 F +61 8 8116 5131
www.santos.com

“2050 is only 30 years away and over the last 30 years since the first climate change conference in 1992, the world’s consumption of hydrocarbon fuels has increased in absolute terms and decreased by only 4 per cent in terms of primary energy share.

“Santos is already receiving significant international interest in our CCS and hydrogen plans.

“Just as Australian LNG is valued in Asian markets without their own energy resources, carbon storage is now valued because many other countries lack the geological storage or land required for nature-based offsets.

“Australia has a comparative advantage in carbon storage and the Australian Government’s focus on CCS and other low-emission technologies is setting the nation up to capitalise on our natural assets and become a carbon storage superpower, building on the position we have established as an energy superpower over more than half a century.

“Santos is playing a leading role in driving the energy transition, including our 1.7 million tonnes per year Moomba CCS Project in South Australia and our proposed plan to use the Bayu-Undan facilities in Timor-Leste to safely and permanently store up to 10 million tonnes of CO₂ per year once gas production ceases,” Mr Gallagher said.

Beach Energy Managing Director and Chief Executive Officer Matt Kay said the Moomba CCS project would deliver a step change in Beach’s CO₂ emissions profile.

“For more than 50 years, natural gas-filled reservoirs in the Cooper Basin have played an important role in delivering Australia’s energy needs, so in many ways it is fitting some of these same reservoirs will play a role in reducing Australia’s emissions.” Mr Kay said.

“Once operational, this Project will deliver a material reduction to Beach’s emissions and forms a key pillar of our aspiration to reach Net Zero emissions by 2050.

“Natural gas will continue to be a critical source of energy, even in a lower carbon future, and we are committed to playing our part in reducing our emissions footprint - our participation in the Moomba CCS Project is a clear indication of that.

“I want to thank Project operator Santos for its efforts to date, as well as the Commonwealth and State Governments for their support in enabling the Project to go ahead.”

Santos has a 66.7 per cent interest in the Moomba CCS project and is operator. The remaining interest is held by Beach Energy.

Ends.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.