

SEAAOC 2022 – Brett Woods

Thank you Shaun for your welcome and good morning everyone.

I'd like to start by acknowledging the Larrakia People as the traditional custodians of the land where we are meeting and pay my respects to Elders past, present and emerging.

Santos has a strong connection with Australia's Traditional Owners and for decades, as part of our operations, we've been building relationships with Aboriginal communities where we operate, respecting their cultural heritage and custodianship of the land.

In fact, we work with 23 Traditional Owner Groups and six Aboriginal Land Councils in our operations right across Australia. We also work closely with indigenous populations right across our operations.

Without these strong ties with community and the support of our Traditional Owner and Land Council groups, we wouldn't operate so I acknowledge and thank them for the important role they play.

It's my pleasure to be here in Darwin today to speak about the significant opportunities Santos sees for the Northern Territory.

Santos has been working in the Northern Territory for many years and we're grateful for the strong relationships and ties we share with the community here. One of the things I'd like to reflect on is the great team we have here in the Northern Territory, and thank them all for their hard work, particularly over the last couple of years. COVID has been challenging but it's been great to see the Northern Territory team pull together.

Santos believes that the Northern Territory has an extremely bright future ahead and will play a really important part in supplying much needed energy to Asia and the world, while also delivering a just transition to a cleaner, lower emission future.

In line with this, Santos is investing heavily in the region.

Earlier this year, we entered FEED on our what could become one of the largest carbon capture and storage projects in the world, Bayu-Undan CCS, where the onshore facilities will be located right here in Darwin.

In March 2021 we announced Final Investment Decision on our \$5 billion Barossa Gas Project offshore the NT – one of the largest investments in this sector in Australia for almost a decade. Excitingly, this project is now 43% complete and remains on budget and schedule for first production in the first half of 2025.

Barossa also enables the \$800m life extension of Darwin LNG, extending the life of the facility by another 20 years. This investment demonstrates Santos' commitment to the Northern Territory and is a testament of our belief in what the Territory offers.

This is all great news for jobs and local business opportunities here in the Northern Territory with over 600 construction jobs and 350 long-term operational jobs being created, in addition to the billions we will be spending locally.

We are committed to maximising opportunities for Territorians and at Darwin LNG, we have 100 per cent local workforce.

At this event last year, our CEO, Kevin Gallagher, re-iterated our commitment to the community and the personal commitment our leaders within the business have made to the region.

I personally was here just a few weeks ago for the Darwin Festival and was really proud to be part of such a great event.

This year alone, Santos has invested significantly in procurement for our projects in the Northern Territory, across 74 different suppliers. This commitment to invest in the Territory will continue, especially as we progress with the DLNG life extension.

It's not by chance that we are investing here in the Northern Territory – these job-creating decisions can only occur when companies have confidence in the stability of the regulatory environment and open, competitive markets. This is a significant advantage we have here in Australia which we don't take for granted, and I'd like to thank the Deputy Chief Minister and Federal Minister for their support of the industry.

As we have seen over the past few months, the world is facing increasing challenges in providing universal access to clean and affordable energy. Energy markets in Europe, the United States and Asia have been shaken, reminding everyone that gas remains a critical part of the energy mix.

Natural gas is the transition fuel, and the best fuel to partner with renewables. The good news is that the Northern Territory can play a pivotal part in the energy transition and support energy security for decades to come, with the Barossa project one of the lowest cost, new LNG supply projects in the world – a great competitive advantage for the NT.

But this alone is not enough as we strive towards the challenge of achieving Net Zero emissions by 2050, with Santos' ambition for net zero emissions by 2040.

At Santos, we're positioning our Northern Australia hub to provide LNG into Asia and clean fuels sustainably into the future, displacing higher emissions sources such as coal and helping our customers reduce their emissions.

The close proximity to Asia we enjoy here means we're well-positioned to provide clean fuels to global markets and generate new revenue streams through carbon solutions, like carbon capture and storage (CCS) technology.

Underpinning this is Bayu-Undan CCS – a world-class project which will deliver carbon abatement of up to 10 million tonnes per annum. To put this in context, that would equate to approximately 1.5% of Australia's total CO₂ emissions each year.

CCS is critical for the world to achieve our climate aspirations and importantly, through CCS we can achieve those goals without compromising energy security. As the head of the International Energy Agency, Fatih Birol has said, it will be “almost impossible” to achieve net zero by 2050 without CCS.

By 2050, under the IEA's Net Zero scenario, CCS projects will need to store 7.6 billion tonnes of CO₂ each year, nearly 200 times the amount currently stored by CCS projects.

We know CCS technology works. There are 27 operational facilities around the world today. The world cannot achieve net zero emissions without CCS, so it's time to stop allowing ideology focussed on blocking CCS projects getting in the way of more CCS developments.

On that point, I would like to highlight that globally, Australia was once winning the race on CCS in terms of regulatory support. Australia's policies had been driving investment in this critical technology area and we were heading to become a global leader.

We're quickly seeing the rest of the world catch up and if this continues, we're at risk of losing our competitive advantage. For us to retain the momentum, governments must continue to prioritise CCS and the frameworks, policies and regulations – both domestically and internationally – to support further growth in this area.

Carbon capture and storage will not only reduce the Scope 1 and 2 emissions from oil and gas developments, it will enable faster, lower-cost deployment of clean fuels such as hydrogen, which has no Scope 3 emissions.

And, CCS is one of few proven technologies with the potential to significantly reduce emissions from hard-to-abate sectors, such as manufacturing and heavy industry.

At Santos, we have the technology, infrastructure and knowledge to be able to deliver low-cost CCS competitively on a global scale. Across all of our assets, we know the geographical and geological formations well which means we have a thorough knowledge of the reservoirs in which CO₂ will ultimately be stored.

As I mentioned previously, at Santos, we are about action. We are currently constructing one of the world's biggest CCS projects at Moomba to store 1.7 million tonnes of CO₂ every year. Today, the CCS project is 20 per cent complete with works safely progressing on budget and schedule, with first injection expected in 2024.

The existing infrastructure we have provides us with a natural advantage all the way through the CCS value chain.

As an oil and gas company, we are a global leader in injection, where we have extensive subsurface experience and knowledge in using depleted reservoirs for gas storage.

The Bayu-Undan field has a competitive advantage in that it offers some of the best offshore reservoirs in the region for gas injection.

It's also worth remembering, at Bayu-Undan project start-up, over one bcf of gas a day was injected into these high permeability reservoirs so we already have significant knowledge of their performance.

Given that the wells and the facilities are already in place, Bayu-Undan CCS could be a low-cost, large-scale, commercial CCS project that could store CO₂ from regional projects, including future Northern Territory and Australian developments as well as potentially from our customers in Asia.

We also have substantial experience in processing and transporting gas, through pipelines both onshore and offshore.

As a result, CCS has the potential to create a brand new industry here in Northern Australia for decades to come.

However, developing a world class project will not be without its challenges.

In order to move forward with a CCS project, Santos is working closely with a large number of stakeholders on technical and commercial frameworks.

An important piece of work that will be needed is for the Australian and Timor-Leste Governments as well as international bodies and regulators to implement a regulatory framework for this new industry.

This will take time, but I'm confident based on the discussions and engagements we've had – that we will be able to achieve a framework that works for industry, government and regulators.

This is a once in a lifetime opportunity that we're committed to getting right.

Excitingly, CCS then becomes an enabler for future zero emissions clean fuels projects including hydrogen.

With our close proximity to Asia and potential to deliver low-cost clean fuels utilising natural advantages including CCS infrastructure and renewables, Northern Australia has the potential to play a leading role in clean energy markets.

We are currently evaluating a range of opportunities to produce clean fuels, such as hydrogen, into Asia with line of sight to production in line with local market energy target prices. This represents a significant competitive advantage for the region which could unlock investment for decades to come.

Underpinning all of these investments is our Darwin LNG processing facility not too far from here at Wickham Point. We're proud of the fact that our plant workforce is locally based, and the Darwin facility has been safely providing LNG to international markets for two decades.

As we speak, work is underway on the Darwin Life Extension project which is being undertaken to re-life the facility for decades to come.

The project will be re-living or replacing key equipment at the DLNG facility, ensuring safe and reliable operations.

In 2022, our teams have been working very hard on the pre-shutdown scopes, undertaking key planning, engineering and procurement activities to ensure the facility is ready to start up in 2025 when Barossa comes online.

Physical site works to date have included civil, electrical and minor mechanical works in preparation for major site works starting in 2023. The increase in site personnel for these works is planned to increase by over 200 people in the first half of 2023, so you'll soon be seeing more Santos people around Darwin.

So in closing, we are very excited about the future of Northern Australia and are looking forward to being part of this next phase in global energy as we transition to a more sustainable future.

There are so many exciting things going on here in Darwin as we speak, and I look forward to having more discussions with you all this week as part of this great event.

Thank you very much for your time and I look forward to taking some questions.