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Santos Energy Solutions' carbon neutral e-methane collaboration takes next step

Santos, through its energy transition business Santos Energy Solutions, is progressing with its ambition to create a cleaner energy future by entering an agreement with Osaka Gas Australia (OGA) for Pre-Front End Engineering and Design (Pre-FEED) work on a demonstration scale project to produce carbon neutral e-methane from green hydrogen.

Santos Energy Solutions is focused on delivering decarbonisation projects and clean fuels.

Santos and OGA will commence Pre-FEED, which will include renewable power and carbon capture infrastructure studies, site selection for e-methane and green hydrogen plants, optimisation of e-methane production efficiency and processes, and further detailed assessment of costs, schedules, feasibility, and risks.

Santos Managing Director and CEO Kevin Gallagher said the company has a long-standing, positive relationship with OGA, and Santos is committed to delivering on its net-zero by 2040 target.

"I believe it is increasingly clear gas will play a leading role in the transition to a decarbonised future, and Santos is excited to be progressing a new business opportunity that seeks to leverage our assets and capabilities to deliver a cleaner energy that will help create a better world for everyone," Mr Gallagher said.

"Decarbonising natural gas supports a long-term supply of reliable and affordable energy, as well as the production of cleaner fuels such as e-methane. The advantage of e-methane is that it overcomes the challenges associated with the transport and export of hydrogen by allowing the use of existing transport, liquefaction and end user infrastructure providing a scope 1 and 2 as well as a scope 3 carbon neutral outcome."

OGA is an Australian company that owns upstream energy assets and is a wholly owned subsidiary of Osaka Gas Co. Ltd, a major natural gas, electricity, and energy service provider, which has about 10 million customers in Japan.

The demonstration project aims to produce e-methane from green hydrogen, which is generated through water electrolysis powered by renewable energy, and CO₂, which instead of being emitted into the atmosphere, is captured at industrial sites or by Direct Air Capture technology.

Santos is studying the potential to use its existing extensive infrastructure position to generate, liquefy and export e-methane to Japan.

Santos and OGA aim for FEED entry in 2024 and to be Final Investment Decision ready in 2026 to produce e-methane at a plant with a planned capacity of 10 TJ/day and export about 60,000 tonnes of e-methane annually by 2030.

Media enquiries

Claire Hammond
+61 (0) 401 591 488
Claire.hammond@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

Santos Energy Solutions is developing one of the world's largest Carbon Capture and Storage projects in Moomba, South Australia, which is expected to store up to 1.7 million tonnes of CO₂ each year with first injection on track for 2024.

Santos Energy Solutions is also planning to trial Direct Air Capture, a technology used to capture CO₂ from the atmosphere, which could be used to expand the Moomba CCS project and provide feedstock for e-methane production at Moomba.

Ends.