



2023 Business Advantage Papua New Guinea Investment Conference – Brett Darley

INTRO

Good afternoon,

Can I start by acknowledging the traditional owners of the lands on which we meet today – the Turrbal and Jagera people.

I would also like to acknowledge and thank the PNG landowners and the First Nations people who support us and work with us everywhere we operate across Australia, Timor Leste, Alaska and, of course, PNG.

Thank you, Andrew, for your introduction. May I also acknowledge:

- The Hon. Richard Maru MP, Minister for International Trade and Investment, representing the Hon. James Marape, Prime Minister of Papua New Guinea
- The Hon. William Duma MP, Minister for State Enterprises
- His Excellency John Ma’o Kali, Papua New Guinea’s High Commissioner to Australia
- Elizabeth Genia, Acting Governor, BPNG and
- Tera Shandro, Chairperson and Managing Director at ExxonMobil PNG Limited

- All of whom are either in the room today or have attended this important conference focussed on the future of PNG

As Executive Vice President Eastern Australia and PNG at Santos, I am responsible for our assets and operation in Papua New Guinea.

And, can I say, it's a pleasure to be here today in Brisbane to address the Papua New Guinea Investment Conference once again.

FOOTPRINT

As you can see from the video that was playing on my way up on stage, Santos has been, and is, embedded within the social and economic fabric of PNG.

For close to 70 years, Santos has been working in partnership with local communities, providing local jobs and business opportunities, safely and sustainably developing its natural gas resources, and powering industries and households.

Santos is one of Australia's biggest domestic gas suppliers, a leading Asia Pacific LNG supplier and is committed to supplying the critical fuels, such as oil and gas, in a more sustainable way through decarbonising projects such as the Moomba and Bayu-Undan carbon capture storage projects.

We have been a long-term investor in Papua New Guinea, our company has grown alongside PNG, and we **remain committed** to the nation's long-term development and success.

We have been active in PNG since the 1980s, with interests in PNG LNG and Papua New Guinea producing oil fields and development projects with Papua LNG and the P'nyang Gas Project.

Following the merger of Oil Search in December 2021 we now have 695 PNG employees – 88 per cent of whom are PNG citizens.

Along with this, almost **80 per cent** per cent of all leadership roles in PNG are held by PNG citizens.

Our Graduate Engineering program has seen **six** new graduates begin their career with us in PNG this year. We have also had **56** apprentices recruited in 2022 and 2023.

We **hire** local, we **train** local, we **give back** locally.

In addition, we are rotating our PNG team through our Australian operations, including **ten** team members currently on assignment, accelerating their development and equipping them with the leadership exposure they need to lead in PNG.

It's part of ensuring that the local community sees the benefits from the operations in their country, and part of **that** is ensuring access to quality, well remunerated employment.

If you turn your attention to the screen, you can hear from one of our PNG team, [Gima](#), who is a Field Telecoms Technician based at Lagifu Ridge.

COMMITMENT

With our historical ties, current footprint and future investment plans, we have an ongoing focus on Papua New Guinea as a core area for Santos' future.

We are in the first stages of establishing an Engineering & Maintenance support centre in Port Moresby, which will support the broader Santos organisation and is a symbol of the talent and capability that we see in PNG.

We are also continuing to grow our relationships and build new links to the landowner companies (Lancos) which is a key part of our strategy to align our operations with the economic growth of PNG.

Year-to-date we've delivered **A\$21M** of contract awards to Lancos throughout our project areas.

Our decision to merge with Oil Search has been a resounding success for Santos and speaks to the benefit that can come from investing in PNG.

The merger has created greater alignment in Papua New Guinea to support the development of key projects including Papua LNG - delivering new jobs, helping to support the local economy, and continuing to support the development of and investment in PNG.

As I said last year, when Santos merged with Oil Search in 2021, we made commitment to the workforce and the whole of Papua New Guinea, and we have upheld those because we see the value in our long-term relationship.

The merger has not resulted in **any** local job losses, we continue to ensure that the PNG workforce reaps the benefits of our global experience, we have made strong progress in local abatement and CCS opportunities, and we continue to grow the important work of the Foundation, which I will talk more about shortly.

On a personal note, what strikes me immediately when I arrive in PNG is the optimistic nature of its people.

At Santos, we have embraced this. The energy driven by the optimism provided by our PNG people is spreading across the business and the benefits are easy to see.

BENEFITS

Since merging with Oil Search, the benefits to both Santos and PNG have flowed.

- We've commenced a four-well drilling program in our operated area and are evaluating further opportunities. Our committed spend on the infill wells is about \$220M USD (Gross)
- We will also be looking to tie in one of our operated facilities to export more gas to PNG LNG in the future. (AGO project)

Our long-term priority is to supply sustainable, low-cost LNG to the Asia-Pacific region,

To realise the opportunities for either backfill or growth of both gas and liquids flowing from our own exploration strategy.

A strong presence in Papua New Guinea is critical to fulfilling that priority.

FUTURE PLANS

With Santos' commitment to PNG we are evaluating the option to have a Floating Offtake and Storage (FSO) solution to replace the aging Kumul Marine terminal, which has been there since the late 90's to export the highlands liquids.

This would be the **first** FSO in the country.

In regard to seismic activity, this year, as part of our joint venture, we have acquired about 147km in the Eastern Fold Belt.

Through our joint venture, we are investing significantly in exploration at both Wildebeest and the Hides Footwall which are exciting prospects for Santos and PNG.

We are also re-building the small refinery that we operated which was damaged during the earthquake in 2018.

The products from this refinery will mainly support our operational needs, but we are evaluating if there is any surplus that we can sell through local land owner companies to the local community.

DECARBONISATION

As with our responsibilities to the people of PNG, we also have a commitment to decarbonisation and the environment at large.

As our CEO, Kevin Gallagher, has said before: we do not see decarbonisation as a **threat** – but an **opportunity**.

An opportunity to establish new, largescale industries producing carbon offsets that will be in heavy demand from emitting countries that lack competitive advantages in carbon storage.

Defossilisation, wholesale abandoning of LNG and other stores of energy in a reckless manner does nothing to serve anyone, except lock communities and nations into intergenerational poverty.

Gas is key to the energy transition because it makes renewables possible, it provides feedstock for fertilisers and chemicals, and it fires the high temperature furnaces required for bricks and cement.

We are concerned about the pace of the transition – but a move to eliminate gas without a solution has a huge human cost.

The world could not feed itself today, or anytime soon, without fertilisers made from gas.

Without ammonia-based fertilisers made from natural gas, we could feed about 4 billion people, roughly half of today's global population.

Even without the energy component of hydrocarbons, the petrochemical requirement for our basic needs like plastics and medicines cannot be currently replaced.

Our three-hub CCS strategy includes the Bayu-Undan, Reindeer and the Moomba CCS project - which will begin storing CO2 in natural reservoirs which have safely and secured the gas from next year.

We are also starting the trial of Direct Air Capture in Moomba that will allow us (as Alan was alluding to) to suck the CO2 out of the air and store it, or use for creating synthetic methane from renewable energy.

We are in a very strong position to be a leader of abated energy for our region over the course of this decade and beyond.

As a core region for Santos, our Papua New Guinean business will be key in this strategy, and we are keen to maintain our investment focus there.

REFORESTATION

In addition, we remain committed to our reforestation efforts

As Alan referred to earlier – we need this as well as other technologies to successfully navigate the transition. The premise is simple. We work to establish and grow trees that take carbon from the atmosphere, we enhance biodiversity by creating habitat and we deliver social development and economic benefit to communities.

SANTOS FOUNDATION

Resources and energy companies can only operate with a strong social licence, **giving back** to the communities they operate in.

That's as true in PNG as it is in Australia.

To that end, we have been thrilled to continue to build on the great work of the Oil Search Foundation through the imminent launch of the Santos Foundation.

As you can see behind me, the variety of programs and initiatives the Foundation has achieved has been **remarkable** through to 2022, and a credit to the people involved on the ground and the communities they work with.

One of the highlights was in June, when more than **2000 people** gathered at the Kawama Foursquare church ground to celebrate the opening of a brand-new literacy library funded by the Santos Foundation.

Going forward with the Foundation programs, we have strong focuses on Health, Youth Opportunities, Family and Sexual Violence and Community Development, as we continue to give back.

As I said before, it has been incredibly rewarding working with the Foundation,

But, it hasn't all been one way.

The insight we've gained from working with the Foundation has made its way back to Australia.

We have now expanded the Santos PNG Foundation to create the **Santos Foundation – which will work across all areas of our operations.**

What we've seen from the Foundation has changed how we deliver for communities in Australia and around the world.

What we're learning in PNG is making waves right across our company.

CONCLUSION

For more than **half** of our existence as a company, we have been proud to invest, hire and produce from Papua New Guinea.

Santos remains **committed to PNG** – and the collaboration we have undertaken over many decades is something we want to see continue into the future.

To the attendees here today – considering whether or not to invest or expand in PNG, I can say with confidence, **look at what we have done at Santos**, not just with our joint venture partners, but with the people and Government of PNG.

There has **never** been a better time to invest.

Thank you.