



SEAAOC 2023 Speech Darwin

Keynote address: Providing Cleaner and More Affordable Energy

Good morning,

I start by acknowledging the traditional owners of the lands on which we meet today – the Larrakia people – who we have worked with since 1999. We appreciate your support.

I would also like to acknowledge and thank the First Nations people who support us and work with us everywhere we operate across Australia, including the Northern Territory from the Tiwi Islands to the Amadeus Basin.

Thank you, Izzi, for your introduction.

I stand before you today at a crucial juncture in the future of the Northern Territory.

The Territory has enormous potential as a leading supplier of both cleaner and more affordable energy to Australia and Asia.

It has a wealth of gas resources – onshore and offshore – a wealth of renewable resources, particularly solar – and a wealth of both geological and nature-based carbon sequestration opportunities.

It's the ideal place for new industrial development including hydrogen, ammonia and polymers.

And potentially, critical minerals processing.

It has plenty of land and deepwater ports.

It is close to massive energy and chemicals markets in Asia.

It has a population that includes the most disadvantaged people in our nation and who need access to education, skills and well-paid job opportunities to secure a better future for themselves, their families and their communities.

There is no doubt the Northern Territory Government, led by Chief Minister Natasha Fyles and Minister Manison, is right behind a vision for the Territory to prosper from its competitive energy advantage.

But there are many challenges beyond their control.

Santos's Barossa Gas Project is 66 per cent complete, excluding the Darwin pipeline duplication project, and would be further advanced but for a climate activist-led campaign to stop the Barossa Gas Project and undermine the regulator NOPSEMA.

This is despite the fact that, from day one, Barossa will offset 100 per cent of its reservoir CO2 emissions.

Combined with proximity to Asian markets – which means shipping emissions are low compared to other LNG projects – this will make

Barossa one of the lowest carbon intensity projects in the world – from day one.

Notwithstanding the efforts of our opponents, we are focused on:

- Meeting our consultation obligations with First Nations people for our Drilling Environment Plan, and
- Complying with the General Direction from NOPSEMA to undertake First Nations underwater cultural heritage surveys along the Barossa gas export pipeline route to the junction with the Bayu-Undan pipeline about 130km offshore from Darwin.

When this work is completed, we are aiming to recommence drilling and start pipelaying before the end of this year.

The commencement of pipelaying alone will be a huge economic boost for the Territory this coming Wet Season:

- A 3-4 month offshore construction campaign
- 500 Australian crew
- About 300 expat crew and technical support personnel out of Europe
- Some 340 hotel rooms will be required to support offshore vessel mobilisation
- And ninety people will change out every week during pipelaying – that's 180 people every week travelling in and out of the Territory on planes, staying in Darwin hotels, eating at local restaurants, using cabs and Ubers.

I have no doubt there will be more attempts from anti-fossil fuel activists to stop Barossa, but this project is far too important for Darwin and the Territory for us to take a backward step.

The NT Government expects the Barossa Gas Project to deliver **\$2.5 billion** in wages and contracts to local workers and businesses.

With Bayu-Undan gas production ending this year, Barossa will supply the Darwin LNG plant from 2025 following a \$925 million life extension program that will employ more than 300 construction and maintenance workers over the next eighteen months and provide opportunities for local engineering firms and many other businesses who will also employ local workers.

The 180 workers will continue to work at DLNG when the life extension program is completed – keeping them and their families in Darwin, contributing to the local community and the Territory economy.

Every year when it is operating, Darwin LNG generates about \$100 million in supply and service opportunities for Territory businesses.

And every four years when Darwin LNG does its major maintenance shutdown, it brings another 600 jobs to town and injects up to \$50 million into the Territory economy through local supply and service opportunities.

We have just completed our latest shutdown and I would particularly like to thank all our DLNG people for delivering a safe and successful program.

The importance of Barossa and Darwin LNG to the lives, and livelihoods, of Territorians simply cannot be overestimated.

The Territory economy grew by 4.7 per cent in the 2022 financial year, but was expected to contract by 5.1 per cent this year.

This shows just how critical the LNG industry is to the Territory and to the prosperity of Territorians.

The contraction of the economy is largely due to declining output in 2022-23 as the Bayu-Undan gas field neared the end of its life and disruptions that occurred at Ichthys LNG in the second half of 2022.

Growth over the next five years is forecast to average only 0.9 per cent per year, picking up once the Darwin LNG plant transitions to the Barossa gas field in 2025.

In its own words, the NT Government's growth outlook is "heavily influenced" by the timing of activity associated with Barossa.

Santos has been a committed corporate citizen in the Territory since it was formed nearly 70 years ago and we remain committed to securing a better economic and social future for its communities – through the investments we make here.

At the same time we remain committed to honouring the commitments we and our joint venture partners have made to customers in Japan and Korea who rely on Barossa gas and Darwin LNG for their energy security.

Japan and Korea have been a major source of investment in Australian energy resources for more than half a century, they are the investment sources we need for new energy technologies such as solar, wind and hydrogen – and Australia must not let them down.

Several days ago, the second last cargo of natural gas from Timor-Leste's Bayu-Undan field left from Darwin LNG and the final cargo is likely to leave within the next month.

Bayu-Undan has been supporting local jobs in Timor and the Territory, and providing energy security for customers in Asia by pumping natural gas into Darwin LNG at Wickham Point for 15 years now.

And despite end of field life nearing, Bayu-Undan has delivered 22 per cent more gas and 7 per cent more liquids than originally expected.

When we use words like “end of field life,” it makes you feel nostalgic, like something is ending.

But that is not the case for Bayu-Undan.

Bayu-Undan is set to play a critical role in a decarbonised future through its transformation into a carbon capture and storage facility that would be the biggest in the world, with storage capacity up to 10 million tonnes of CO₂ per year.

Over the life of the field, Bayu-Undan has injected more than \$38 billion into Timor-Leste through First Tranche Petroleum, Profit Oil and Taxes – about 90 per cent of the nation’s revenue.

CCS is a potential new industry and a new revenue stream for Timor, utilising existing infrastructure and providing ongoing jobs in both Timor and Darwin.

Encouragingly, we have strong demand for carbon storage at the Bayu-Undan field with large customers looking to capture energy and industrial emissions and ship CO₂ to Australia for safe and permanent storage in depleted oil and gas reservoirs.

The Barossa gas project will be the first customer, with a supply of CO₂ of 2.3 million tonnes per year. Bayu-Undan CCS would make Barossa one of the lowest carbon LNG projects in the world.

You can see in the DLNG image behind me where our CCS infrastructure will be installed to process Barossa CO₂.

We are currently in the process of obtaining approval for the Darwin Duplication Project that will allow us to use the existing Bayu-Undan pipeline to transport the CO₂ from Darwin to the CCS project.

We are working closely with the Timor-Leste, Australian and Northern Territory governments to get the regulatory framework and approvals in place to enable Bayu-Undan CCS development and the benefits that will come with it.

The importance of CCS cannot be understated. The Executive Director of the International Energy Agency Fatih Birol says that, without CCUS, achieving the world's energy and climate goals will be ... and I quote... **“Virtually impossible.”**

If Australia and the world are serious about net-zero, then we must be serious about decarbonising existing energy sources.

Australian LNG will be required for the energy security of our region for decades to come – to firm renewable energy sources and to make the things that renewables can't – from pharmaceuticals to fertilisers, polymers and building materials like steel, cement and bricks.

This is why Bayu-Undan CCS is so important.

Through our Santos Energy Solutions business, Santos is already developing one of the world's largest and lowest-cost carbon capture and storage projects at Moomba in South Australia.

The project is expected to have a lifecycle cost of less than A\$37 per tonne of CO₂ and could store up to 1.7 million tonnes of CO₂ per year, with first injection on track for 2024.

We are looking forward to both the Barossa Gas Project and Bayu-Undan CCS following closely behind it, and I urge all Territorians to get behind these projects which are vital to the Territory's economic future.

Thank you.