



# **MEDIA RELEASE**

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## **DRAMATIC COAL SEAM GAS GROWTH TO DRIVE FUTURE**

### **INVESTMENT IN AUSTRALIA'S GAS TRANSMISSION PIPELINES**

Australia's burgeoning coal seam gas industry will be the main driver of continuing investment in the nation's gas transmission pipelines, according to a senior industry advisor.

Addressing the annual convention of the Australian Pipeline Industry Association (APIA) in Alice Springs, Mr Grahame Baker of RLMS Pty Ltd outlined the dramatic increase in gas transmission pipelines being constructed solely for the distribution of coal seam gas (CSG).

"The development of CSG in Eastern Australia - and its recent acceptance in the market as being a reliable source of natural gas though from a different reservoir from conventional gas - has been a significant driver for new gas pipeline infrastructure since 2000," Mr Baker said

"Putting it in context, in 2000, there was about 4500 kilometers of mainly gas transmission pipeline in Queensland - of which only 18 kilometres was solely dedicated to CSG," he said.

"The rapid growth in CSG production since 2000 has seen another 1550 kilometres of main gas pipeline constructed of which 1200 kilometres (80%) have been driven by or built specifically for CSG.

"A further 300 km of new transmission lines to service CSG is under construction while 470 km is expected to receive project sanction by early 2007."

Mr Baker said that In addition to the gas transmission lines and laterals, the CSG industry had installed over 2000 km of gas gathering lines and close to this amount of water gathering and disposal piping as part of the development of CSG fields.

"A further 1200 km of gas transmission pipeline investment - to meet the needs of the continuing growth in CSG output expected by the end of 2008 - is under detailed investigation," he said.

#### **Govt. policy "major facilitator"**

Mr Baker said the Queensland Government policy for 13 percent of power generated in the State to be gas fired that came into effect from 1 January 2005 had been a major facilitator in the development of the CSG industry.

"The policy which had a focus on the environmental effects of power generation was aimed, in part, at underwriting the proposed PNG gas developments," he said.

"With the ongoing delays with the PNG Gas Pipeline, CSG has filled the bulk of the market opportunities that earlier would have been taken up by gas from Papua New Guinea.

“What I think is really important is that by the middle of next year, CSG from the Bowen and Surat Basins will commence to be supplied to other Eastern Australian markets.

“This will involve CSG flowing westwards from Wallumbilla to Ballera in Epic Energy’s 759 km, 406 mm pipeline [PPL 24] originally commissioned in 1998 to supply South East and Central Queensland with conventional sourced gas from Ballera in the Queensland section of the Cooper-Eromanga Basin.

“Epic Energy has announced that Front End Engineering and Design [FEED] has commenced on the Ballera to Moomba Interconnect [BMI] to enable CSG to be supplied to both Epic’s Moomba to Adelaide pipeline and APT’s Moomba to Sydney pipeline.

“Planning is for the proposed 180 km BMI to be commissioned during 2008.

“Australian Pipeline Trust is also undertaking detailed engineering of a pipeline from Ballera to the Omicron valve station on its Moomba to Sydney pipeline in Far South West Queensland. This approximate 180 km line will facilitate the flow of CSG from Central Queensland to New South Wales markets without the need to pass through or around the Moomba Hub.”

Mr Baker said the commercial production of CSG in Australia was only a decade old, but had over the past ten years become a significant part of the Eastern Australian upstream gas industry, particularly in Queensland.

“CSG has firmly established itself in the Eastern Australian gas market filling the market supply gap as a result of declining reserves and production capabilities from conventional sources such as Cooper-Eromanga Basin, Denison Trough and the Surat Basin,” he said.

“It has provided strong gas on gas competition to the proposed PNG Gas Project and the current slippage by the PNG Gas Project is likely to see further inroads made by CSG into it becoming, within the next decade, the major source of natural gas to the Eastern Australian market.”

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