

Canning Basin development Bill introduced

Written by Colin Barnett



Perth 8 May 2013. Western Australia has taken another important step in ensuring the development of the vast gas resources of the Canning Basin.

Premier and State Development Minister Colin Barnett said the vast onshore gas resources of Canning Basin would be developed under the provisions of a Bill read into State Parliament today.

Mr Barnett said the Bill ratified the Natural Gas (Canning Basin Joint Venture) Agreement signed by the State Government with joint venture partners, Buru Energy Limited and Mitsubishi Corporation.

“This legislation will bring about the continued exploration for natural gas in the remote Canning Basin, the development of a gas pipeline to the Pilbara and ensure Western Australian consumers have first use of any gas discovered,” he said.

The Premier said the US Energy Information Administration estimated the Canning Basin unconventional gas resources at about 229 trillion cubic feet - about one and a half times WA’s currently identified offshore resources.

The Canning Basin covers 530,000 sq. km stretching from the coast between Port Hedland and Broome, to the State’s eastern border.

The gas resources in this arid area are located between two and four kilometres below the ground’s surface.

“Tapping this vast resource will guarantee Western Australia’s domestic gas supplies well into the future,” Mr Barnett said.

“Because this gas is located onshore, it is also entirely owned by the State Government.

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“This agreement ensures gas discoveries are rapidly brought into production, and that gas is delivered to the State’s domestic gas network, before any is exported.”

Once the domestic gas project is under development, the agreement provides for potential future gas supply for gas export.

Natural gas provides about 50 per cent of the State’s domestic electricity generation, and contributes to the production of key resource exports including iron ore, alumina, base metals and gold.

“This will also ensure that future energy-intensive mining opportunities and other manufacturing industries will benefit considerably from an expansion of WA’s domestic gas supply sources,” the Premier said.

“Natural gas is also an ideal partner for the State’s growing renewable energy production as a back-up in times of adverse weather conditions and peak demand.”

The Premier said the agreement provided additional security of tenure for 17,000 sq. km (1.7 million hectares) covered by five exploration permits held by the joint venture. These permits anchor the joint venture’s Canning Basin Domestic Gas Project, with the agreement facilitating further targeted gas exploration in these permits and the development of a pipeline to transport gas south to existing industrial areas.

If commercially viable gas resources are discovered, by mid-2016 the partners will be required to submit a plan for construction of the domestic gas project, including a pipeline connecting to the existing State gas network in the Pilbara.

Under the agreement, the partners are still required to obtain relevant State and Commonwealth environmental, safety, Aboriginal heritage and Native Title approvals for their exploration, development and infrastructure proposals.

Fact File

The agreement, which is for an initial term of 25 years, with a possible 25 years extension, will:

- encourage investment in a significant exploration and evaluation program to determine the technical and economic viability of the natural gas resources**
- enable the Government to set firm timetables for development of gas discoveries**
- ensure domestic gas production and delivery occurs before any gas is supplied for**

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export

ensure an amount equivalent to 15% of any gas processed for export is reserved for domestic use

make available for sale related products such as ethane, propane, butane and condensate, for the possible manufacture of chemicals or use as transport fuel

defer relinquishment conditions of the Petroleum and Geothermal Energy Resources Act 1967 for five key permits

facilitate the development of pipelines and other infrastructure to deliver gas to the State's domestic gas network

This Bill was also introduced to Parliament in November last year but lapsed with the prorogation