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**THE GLOBAL OUTLOOK  
FOR GAS SUPPLY  
AND DOMESTIC GAS IMPLICATION**

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**Eastern Australia's Energy Markets Outlook 2015  
Sydney**

**Central Petroleum Limited**  
ASX:CTP

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# Global Outlook

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- Global Oil – production up 2 million bbls/day but demand around 1 million bbls/day.
- Global Gas – production grew by 5 BCF/day demand 1.2 BCF/day.
- NOTE DEMAND is still growing but over-supply caused by US shale revolution
- Prices have dropped to marginal costs of shale gas producer
- Rig count down in US and production growth gone
- Price is market-clearing mechanism

# Domestic Gas Implications

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- All 6 trains at Gladstone either completed or over 90% complete
- A single train approximates NSW consumption
- Proponents state that they make a return (albeit small) at US \$45/bbl
- All need to service capital so marginal economics rule
- All need to maximise throughput to service capital
- The projected domestic gas shortfall is unaffected or exacerbated by low prices for LNG

# Domestic Gas Implications

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- Domestic demand growing at greater than AEMO forecast (about 10% or 40PJ pa)
- Exploration at record low
- Production costs at historical fields escalating
- Only 27% of NSW demand is electricity related
- Nearly 50% of NSW demand is industrial for which there are no substitutes

# Domestic Gas Implications

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- Even hospital waste needs gas
- Industrial consumers are “export exposed” (import replacement) so dramatic drop in \$A is beneficial and not influenced by LNG economics directly as gas is only a portion of their production
- THE COUNTRY NEEDS NEW SOURCES OF SUPPLY

# Where we are

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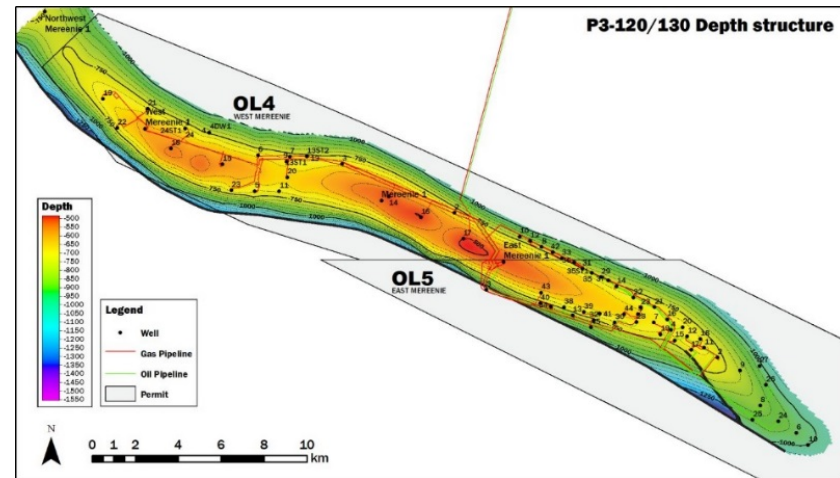
- Activists trying to prevent future supplies by banning fracking.
- Fracking has been used since 1948.
- About half of the world's gas supply comes from fracked sources.
- Numerous scientific enquiries state fracking under appropriate regulation is not a risk. At risk are the people whose jobs depend on gas security. It is a “settled science”.



# The Answer, My Friend, is NEGI



- Mereenie is the largest onshore oil and gas structure ever discovered in Australia.
- Central acquires 50% interest in Mereenie.
- Mereenie has 5 producing zones, only 1 of which is oil.
- 3 of these zones require more appraisal/development.



- Between NT Government and Amadeus Basin current capacity approximately 100 TJ/day (36.5 PJ p.a. available for the Northern Territory Eastern Gas Interconnect (NEGI) or 20% of the projected shortfall).
- Low Production Costs



# NEGI is the answer

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- Central aims to supply 100 TJ/day from at or near Mereenie, Palm Valley and Dingo and surrounds by 2018-19
- Presently the company has 230 PJ of uncontracted reserves for NEGI but it aims to increase this to over 300PJ by Financial Investment Decision (FID) of NEGI
- To achieve Long Term Gas Security for Australia (which may only be possible with the Moomba route), Central would need to achieve its goals, which include paying between \$5 to \$10 million p.a. in royalties and giving greater local autonomy to Territorians
- NT (1/6<sup>th</sup> of continental Australia) has large gas potential (both conventional and unconventional) untapped by lack of markets
- NEGI pipeline approval is urgently needed for NT to alleviate looming gas shortages at East Coast demand centres.

# All Politics Are Local

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## Our Employment Philosophy

1. Family values for working families.



2. Northern Territory for Northern Territorians.



3. Traditional Values for Traditional Owners.



# Contact Us



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