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## **CENTRAL POISED TO HELP THE GAS SHORTAGE**

The COAG proposed review of National Gas Market regulation will be critical to reducing transport costs and ensuring a competitive gas supply ahead of the predicted east coast gas shortage from 2018.

Central Petroleum Limited (“**Company**” or “**Central**”) Managing Director, Richard Cottee, said Central Petroleum has significant supplies of gas already available to help address the looming gas shortage in five states peaking from 2018–19. But, he said, the lack of economic regulation for existing and mature pipelines has distorted market pricing signals needed to bring new gas supplies to market, unnecessarily elevating delivered gas prices for customers and constricting the critical investment in new gas supplies which is needed to address supply shortages which are already starting to emerge.

“Critical infrastructure in the form of the Northern Gas Pipeline (“**NGP**”) is now being constructed to link the available gas supplies in central Australia with the major East Coast demand centres. The regulatory review, ordered by the August meeting of COAG Energy Ministers will be critical if the east coast manufacturing and domestic users are to avoid supply shortages and major price rises from 2018,” Mr Cottee said.

At the COAG meeting on 19 August, the Ministers stated that they “are concerned that, based on the ACCC findings, the current test [for pipeline regulations] does not appear to be working, and a new test may be needed to put downward pressure on transport prices.”

Mr Cottee said Central Petroleum already had proven production capacity which was ready to supply the east coast as soon as the NGP is completed in 2018.

“At the Mereenie JV (50% Central / 50% Santos) alone Central operates 59 wells drilled and capable of production (none of which require additional fracking going forward). Of these wells, only 7 are required to meet the present gas contracts. In addition, a further 10 wells have been suspended and could be brought back into production to meet further contractual requirements. At the gross joint venture level (including Dingo, Palm Valley and Mereenie) we presently have 175 PJs of uncontracted gas available for sale into the east coast via the NGP. With appropriate pricing signals at the field, an additional 125 PJs of gas could be made available from the Stairway formation in time for the scheduled commissioning of the NGP in 2018,” he said.

“Central is focussed on becoming a new gas supplier into the east coast and bringing new gas supplies to a market that will experience gas shortages from 2018. Recent events in South Australia may be a harbinger of the future and shows the market tightening earlier than anticipated. We are prepared to play our role as a new gas supplier into the eastern seaboard and see Dr Vertigan’s work for COAG as critical in ensuring the gas markets are functioning for the benefit of all Australians,” Mr Cottee said.

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