

State Gas Limited: Santos JV Awarded New Central Queensland Acreage

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Brisbane, Australia - State Gas Limited (ASX:GAS), in Joint Venture with [Santos Ltd.](#) (ASX:STO), has been appointed Preferred Tenderer of two new areas under the Queensland Government's latest Petroleum Land Release Program. The two new gas areas, PLR2021-1-2 and PLR2021-1-3 (shown in Figure 1* below), are adjacent or in close proximity to both State Gas' existing Reid's Dome and RollestonWest Projects (to the west and north), and Santos interests to the east.

PLR2021-1-2 (Block 2) lies adjacent to State Gas' Reid's Dome (PL231) and Rolleston-West Projects (ATP2062) to the west and north, and the 50% Santos owned Warrinilla and Warrinilla North Projects (PL451 and PCA301) to the east. Block 2 effectively provides acreage connectivity between State Gas' Reid's Dome and the Santos interests to the east.

PLR2021-1-3 (Block 3), some 20 km to the east, lies between the Warrinilla and Warrinilla North projects and the Santos operated Arcadia Valley project (currently under commercial production).

Two high pressure export pipelines (Queensland Gas Pipeline and the Gladstone LNG Project pipeline) pass through Block 3, providing potential access to both export and domestic markets.

The new blocks, a combined 1035km², will increase State Gas' acreage position (Reid's Dome: 181 km² and Rolleston-West: 1,414 km²) by approximately 60%, to 2630 km², with the potential to significantly increase its resource position.

Both blocks are highly prospective for coal seam gas in the Bandanna Formation, in production on adjacent acreage, and which State Gas is currently testing at its Rolleston-West Project. The blocks also contain targets for conventional gas.

As is the case for State Gas' existing acreage, neither Block is subject to domestic gas reservation, enabling gas produced from the areas to be sold into any market.

Under the Joint Venture, State Gas will hold 35% of the new permits, with Santos holding the remaining 65% and appointed operator. In addition to the economies of scale available from coordinating operations with Santos, the Joint Venture is expected to benefit from Santos' extensive experience in producing from Bandanna coal formations in the area.

The award of the areas to the State Gas-Santos Joint Venture results in an alignment of the partners' ownership interests across the gas resource in the majority of the southern Bowen Basin, providing the opportunity for coordinated and synergistic development of the whole region.

Block 2, surrounded by State Gas's Reid's Dome and Rolleston-West Projects, can be developed as a single economic unit with those projects. Similarly, Block 3, the southern end of which is surrounded by Santos operated project areas, may be developed as a single economic unit with those projects, co-ordinated with the State Gas projects.

The Joint Venturers will now proceed to carry out initial works to obtain the environmental and other approvals relevant to the areas. Native Title has been extinguished over the vast majority of Block 2, which is expected to facilitate the quick grant of the Authority to Prospect for that area and enable early commencement of works.

State Gas Executive Chairman Richard Cottee noted the particularly fortuitous timing of the strategic acreage award. "The high gas prices triggered by the war in Ukraine appear to be with us for the foreseeable future. The conflict has highlighted Europe's ongoing dependence on gas in the transition to a lower carbon future. The European imperative to reduce reliance on Russian supply, and the interlinkages of the global market, make it hard to see gas prices substantially reducing in the foreseeable future."

"As announced on 2 May 2022, State Gas is already working to seize this opportunity and bring gas to market as quickly as possible, prioritising development of the conventional gas in its Reid's Dome Project and rapid appraisal of the near pipeline quality gas at Rougemont, in its Rolleston-West Project. Desktop

studies have confirmed this approach as our optimal development plan," he added.

"These two new blocks, within our existing area of expertise and operations, are a significant addition to State Gas' existing portfolio. They will provide increased synergies in operations, synchronistic development and gas marketing optionality," Mt Cottee said.

"None of our acreage is constrained by a domestic gas reservation, and all blocks contain targets for both coal seam gas (a steady flow supply) and conventional gas (a rapid response, or peaking, supply). Two separate transmission pipelines are available, providing access to both export and domestic markets. I have always been a firm believer in the value of optionality and I can confirm that, with this award, State Gas' flexibility is increased", he added.

Mr Cottee also welcomed the establishment of the relationship with Santos: "Santos is a major player in the industry, with a long track record of safe and sustainable operations. Of particular relevance here is its extensive holding in the area, and its unrivalled experience with the Bandanna coals, the primary target of both these new blocks and our existing Rolleston-West project.

"So all in all, we are delighted to receive this award of new acreage, and will work with Santos to leverage all our combined existing projects to bring the gas to market as quickly as possible," Mr Cottee said.

"It is my hope that this award will herald the beginning of a timely and rational development of this new province by both Santos and ourselves at a time when the market is crying out for such development", he added.

Mr Cottee also expressed his appreciation for the Queensland Government's ongoing land release program: "The Queensland Government is very alive to the importance of the gas industry to the Queensland and national economy, and also importance of new gas supplies to support industry and also underpin the transition to a lower carbon future", he said.

*To view tables and figures, please visit:
<https://abnnewswire.net/lnk/ZIG0GV7R>

About State Gas Limited:

State Gas Limited (ASX:GAS) is a Queensland-based developer of the Reid's Dome gas field, originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is 100%-owner of the Reid's Dome Gas Project (PL-231) a CSG and conventional gas play, which is well-located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline and interconnected east coast gas network.

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019 by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).

State Gas is also the 100% holder Authority to Prospect 2062 ("Rolleston-West"), a 1,414 km² permit (eight times larger than PL 231) that is contiguous with the Reid's Dome Gas Project. Rolleston-West contains highly prospective targets for both coal seam gas (CSG) and known conventional gas within the permit area. It is not restricted by domestic gas reservation requirements.

The contiguous areas (Reid's Dome and Rolleston-West), under sole ownership by State Gas, enable integration of activities and a unified super-gasfield development, providing economies of scale, efficient operations, and optionality in marketing.

State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal prog

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