

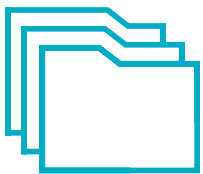
# 06

## LOOKING FORWARD



# 810,300 ha

of petroleum and gas tenures granted **must supply the Australian domestic gas market**



Since 2016, there have been

**11** tender releases



Of the 7.01 million ha released, around

**30%** has been awarded for exploration

The petroleum sector in Queensland is not a new industry. Commercial operations commenced in the 1960's in the Cooper Basin and Moonie oil fields. However, the concept of converting CSG to LNG was a world first and led to the emergence of the CSG to LNG industry in Queensland, approximately 10 to 15 years ago. The early years of the CSG to LNG development were marked by tensions and friction between landholders, the community and the gas sector.

The CSG to LNG developments presented many unknown elements as the industry went through the evolutionary process from concept to delivery of first gas. A wealth of research and knowledge has been acquired over the past decade with many learnings along the way.

As this report has highlighted, the petroleum sector provides an important economic and social contribution to the Queensland economy and the industry has presented many opportunities to regional communities. Whilst the gas industry may not be the largest contributor to Queensland economy, it is a significant one with its contribution woven into the tapestry of the overall economic performance of the State. Some regional communities have embraced the economic diversification that the CSG to LNG industry has presented. However there are opportunities for the petroleum industry, regional communities and government to work together to ensure the benefits are realised for decades to come.

The challenges of the past may not necessarily be the challenges of the future. One of the greatest challenges and opportunities that the industry and regional communities will need to face is the long-term prosperity of regional communities and the enduring beneficial legacy that the gas industry will leave behind once gas production has ceased. Additionally, the gas industry needs to ensure that the benefits are realised in the long term to avoid being perceived as a short-term guest.

Whilst the long-term benefits are not a topic of this report, it is a consideration that this will be explored in further publications. The aspirational and achievable outcomes for regional communities and the gas industry would be the development of long term, partnerships arrangements to foster resilient, sustainable, diverse and prosperous regional economies.

According to AEMO, eastern and south-eastern Australia is on the cusp of transformation, with changes in consumption patterns forecast and alternative supply sources being actively developed.

With the adoption of emissions targets having a transformative impact on the nation's gas industry, gas is expected to continue to play an important role in the generation of electricity, particularly to complement the steady uptake in variable sun and wind renewable energy generators as well as to fill generation gaps as coal-fired power stations retire.

### The need for gas and land releases

There is little doubt that economies of the developed world are experiencing a rapid uptake of electrification and renewable energy into energy networks. Despite this rapid uptake, experts such as the IEA are reporting that the rate of transformation to an electrified future cannot be supported by renewable energy alone. The use of gas as an energy source is one means of supporting this transition as we globally move to a renewable, low carbon emissions future. Therefore, the current forecasted demand for gas as part of the global energy mix will remain strong in the immediate term.

In addition—and closer to home—the Queensland Government's "*Queensland Resources Industry Development Plan*" states that gas will continue to play its part to support the transition to a renewable energy future and would assist the stability and reliability of the electricity network. The plan also highlighted that demand for gas as a manufacturing feedstock is an important factor when considering the ongoing demand for gas, in both domestic and international markets.

For the gas industry to continue to thrive in a changing world, the evolution of coexistence will need to consider the multi-faceted aspects of community expectations such as the environmental, social and governance (ESG) factors, community expectations of a decarbonised energy future, technological advancements and changing government regulations.

Over the last decade, the majority of gas development activity has been focused in the Surat Basin. However, as the industry matures and technology changes, new and emerging areas have the potential to become gas producing regions. It is anticipated that the scale and intensity of development experienced in the Surat Basin will not be seen again in these emerging areas. Also, the emerging areas have not been explored to the same extent as the Surat Basin and therefore it is likely that it will be several years if not decades before production activities commence.

### The emerging areas are considered to be:

- Galilee Basin
- Adavale Basin
- Expansion of the Denison Trough (near Rolleston)
- Southern end of the Northern Bowen Basin (between Blackwater and Banana)
- Tight gas reserves in the Taroom Trough (between Moonie and Roma).


In addition to the emerging areas, the Queensland Government has released areas for tenure via a competitive tender process where there has been very little gas activity. These areas can be referred to as frontier basins and include:

- The South Nicholson Basin (which forms part of the Isa Super Basin)
- Millungra Basin

Due to the ongoing role that gas plays in the energy market and as a feedstock for the manufacturing sector, the Queensland Government has committed to ensuring the gas industry continues to develop, and as such, the government periodically [releases new areas for gas exploration and development](#).

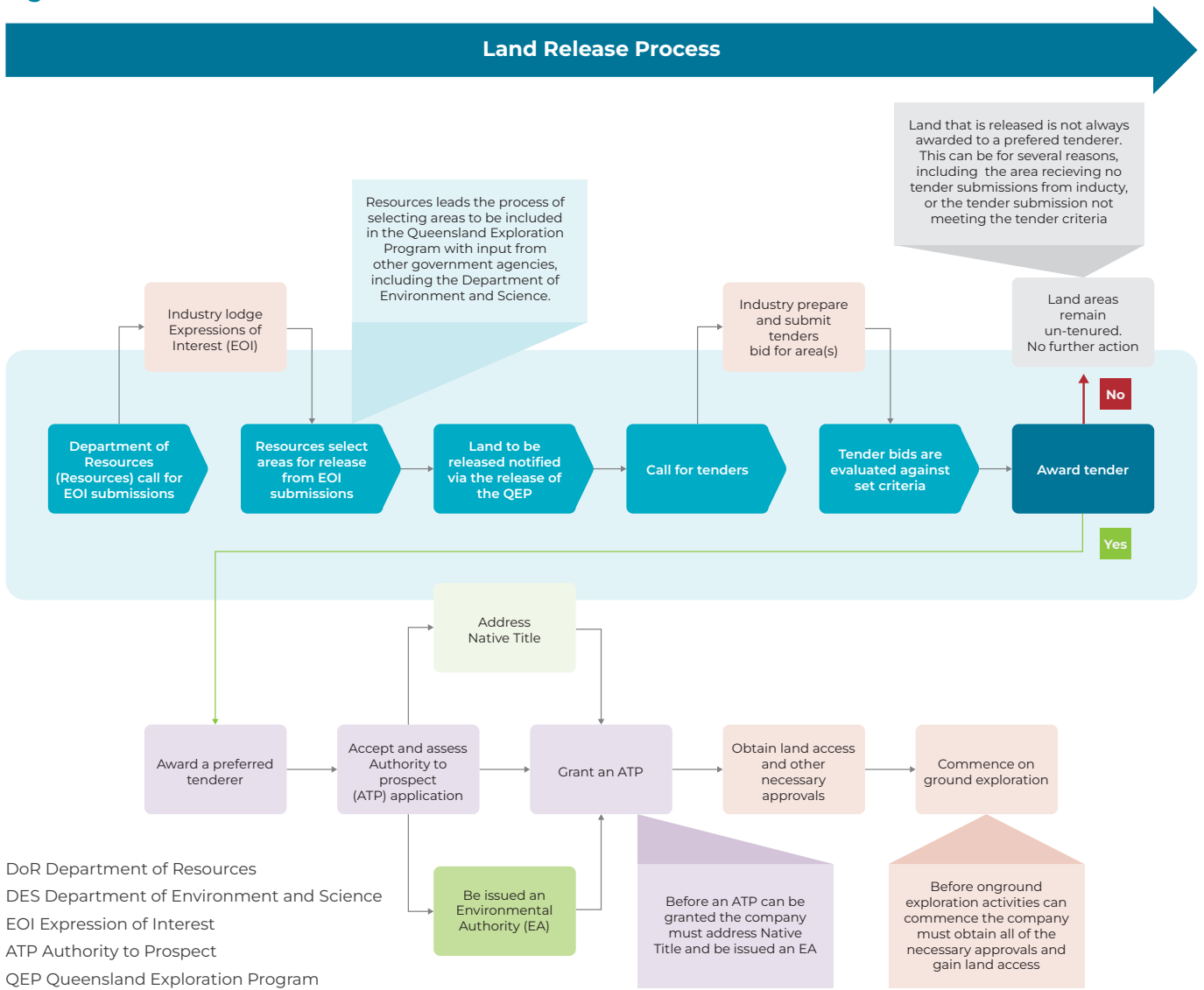
During the land release process, the Department of Resources engages with directly affected landholders and notifies them of the land release, when the tender process opens and closes, and whether the area was awarded or not.

**For the latest information**  
[Download the The Gas Guide](#)  
 (see Chapter 3: Exploration Phase).



Between 2016 and July 2021, there have been 11 tender releases. Of the 7.01 million ha released, around 30% were awarded.

**Figure 30. The Land Release Process**



**Table 18. Breakdown of tender releases by release period**

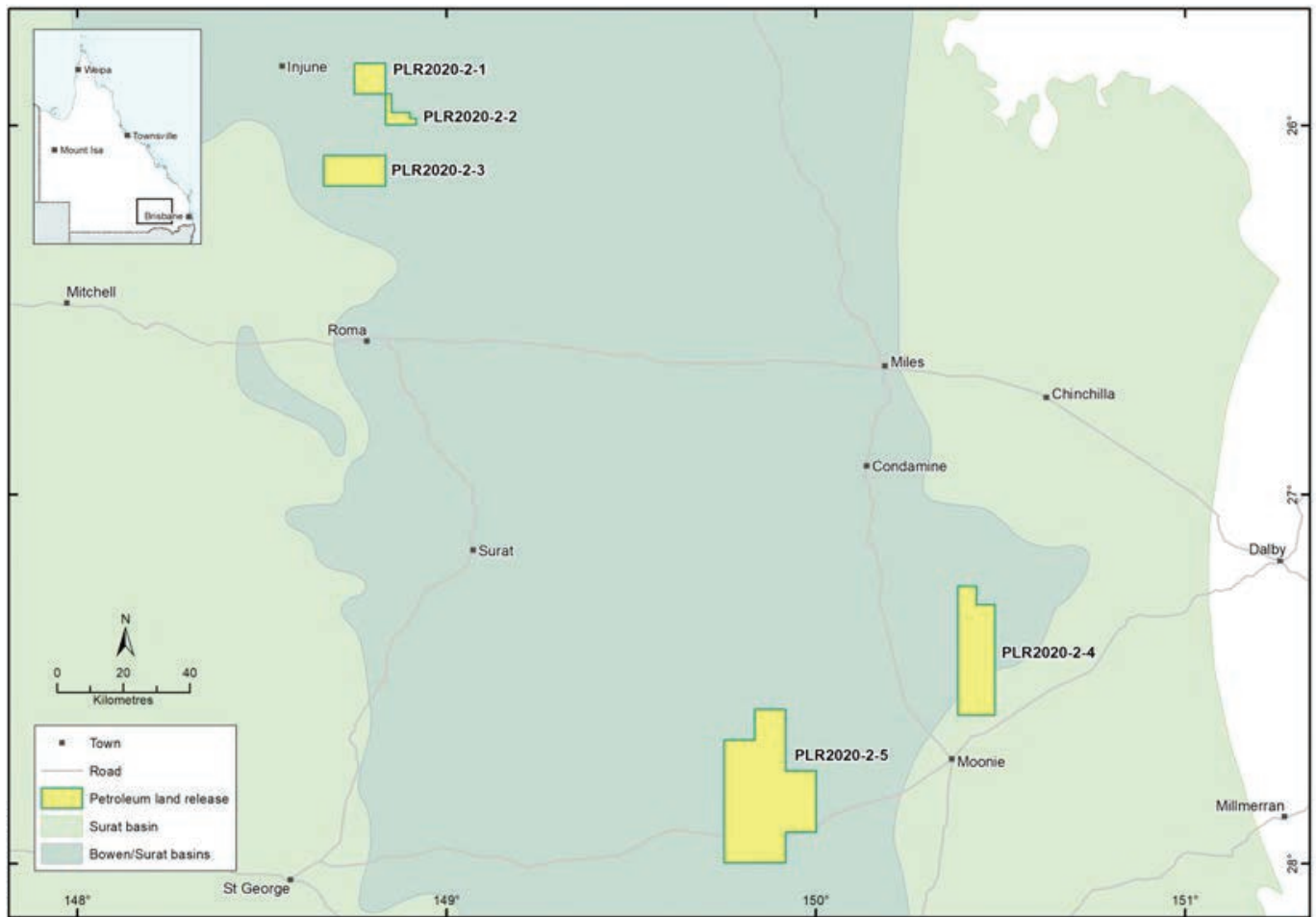
Tender Opened	Tenders Offered	Tenders Awarded	
	ha	ha	% Tenders offered that were awarded
Jun-20	145,900	11,400	8%
May-20	674,600	302,100	45%
Nov-19	3,317,700	223,500	7%
May-19	374,200	345,000	92%
Nov-18	663,600	279,300	42%
Nov-18	1,800	1,800	100%
Mar-18	1,743,100	750,200	43%
Sep-17	39,500	39,500	100%
Apr-17	8,600	8,600	100%
Feb-17	5,800	5,800	100%
Nov-16	36,500	36,500	100%
<b>Total</b>	<b>7,011,300</b>	<b>2,003,700</b>	<b>29%</b>

Source: Department of Resources

In June 2020 Queensland Government released a call for tenders for Authorities to Prospect (PLR2020-2) which included five tender areas across the Bowen and Surat basins totalling 1459 km<sup>2</sup>. This land release was in addition to the land identified in the 2020 Queensland Exploration Program released under PLR2020-1. Out of the five areas released in PLR2020-2, two of the areas have been awarded to preferred tenderers.



**Figure 31.** Petroleum and gas exploration tender areas – PLR2020-2 tender release.



Source: Department of Resources

Following the QEP 2020 releases, the government released five additional areas for competitive tender in June 2020, covering approximately 1,500 km<sup>2</sup>, with two areas near Moonie, and three near to Injune in the Bowen and Surat basins. The tender process closed in September 2020.

The five areas were previously released for tender under the 2018 QEP but were not awarded.

The areas were re-released in response to industry feedback and as part of the Queensland Government's Unite and Recover for Queensland Jobs plan.

In February 2021, AusGasCo CSG Pty Ltd was appointed preferred tenderer for two blocks (tender area PLR-2020-2-1 and PLR2020-2-2), located to the south-east of Injune, totalling 114 km<sup>2</sup>. Of the three remaining areas, two will not be awarded and one area is still under evaluation at time of writing.

**Table 19. Preferred tenderers under the Call for Tenders for Authorities to Prospect (PLR2020-2)**

Item	Tender area code	Size and location	Commodity	Tender outcome
1	PLR2020-2-1	77 km <sup>2</sup> (25 sub-blocks) 17 km south-east of Injune	Coal seam gas	Awarded
2	PLR2020-2-2	37 km <sup>2</sup> (12 sub-blocks) 29 km south-east of Injune	Conventional and/or unconventional gas	Awarded
3	PLR2020-2-3	154 km <sup>2</sup> (50 sub-blocks) 32 km south-east of Injune	Coal seam gas	Not awarded
4	PLR2020-2-4	357 km <sup>2</sup> (117 sub-blocks) 25 km south-west of Moonie	Conventional and unconventional oil and gas	Not awarded

Source: Department of Resources

## AUSTRALIAN MARKET SUPPLY CONDITION – DOMESTIC GAS

Under the [Petroleum and Gas \(Production and Safety\) Act 2004](#), the [Australian Market Supply Condition](#) is a condition imposed on certain petroleum and gas tenures in Queensland, that requires the holder of the tenure to supply any produced gas to the Australian market.

Not long after the LNG facilities on Curtis Island commenced full production, industrial consumers of gas in the east coast gas market raised concerns that they were unable to secure contracted gas at commercially viable terms and price. In response to these concerns, in February 2017, the Queensland Government released its first tender of petroleum land that had the Australian Market Supply Condition attached.

The release of the 58 km<sup>2</sup> area in the Surat Fairway was considered a ‘pilot’ to test the policy objectives. The preferred tenderer was awarded the area in September 2017 and gas has since been produced and is currently being supplied to manufacturing and industrial consumers to produce everyday products such as house bricks, glass bottles and cardboard packaging.

Since this initial award, a further 9,147 km<sup>2</sup> of land has been awarded with the Australian Market Supply Condition attached – this equates to approximately 46% of all petroleum exploration land awarded since 2017.

In 2020, the Queensland Government conducted a [Review of the Australian Market Supply Condition](#) to test the condition’s effectiveness and to determine if the policy objectives were being met. Overall, the review found that the Australian Market Supply Condition has not hindered investment in the gas industry while gas prices for the Australian market and LNG net back are similar, and it is generally accepted by the gas industry and industrial gas users.