



## **Alliance supports action to tighten natural gas leases**

**5 November 2007**

The DomGas Alliance today supported recommendations by a Joint Working Group of Commonwealth and State officials that natural gas retention leases be stringently reviewed.

Alliance Chairman Stuart Hohnen said the majority of Western Australia's gas reserves are currently held by producers under retention leases on the basis they are uneconomic to develop.

Under the legislation, a field held under a retention lease must be converted to production when a reserve is commercial. Retention leases should not be used by gas producers to withhold reserves from the domestic market or to hoard reserves until they are most profitable for LNG export.

"If a gas field held under a retention lease is capable of supplying the local market on a commercial basis, it must be assessed as such," Mr Hohnen said.

"The current legislation should be amended to specify this test."

The Alliance also called for greater transparency and disclosure relating to retention lease applications and renewals.

"Currently, there is no formal procedure for gas users or other stakeholders to participate in a retention lease process. There is an asymmetry of information that exclusively benefits existing lease holders," Mr Hohnen said.

The Joint Working Group on natural gas supply was appointed by the Ministerial Council for Mineral and Petroleum Resources and the Ministerial Council on Energy earlier this year.

The Alliance expressed disappointment that the Joint Working Group was unable to make findings on the benefits and risks of LNG exports versus securing domestic gas supply.

“These are fundamental issues that go towards Western Australia’s future energy sustainability, economic growth and response to climate change,” Mr Hohnen said.

“If producer targets of 50-60 million tonnes of LNG production per year are met, Western Australia’s natural gas reserves could be fully depleted within 30 years.”

“The domestic gas shortage is already threatening billions of dollars of project development which are at risk of going offshore or interstate. It has also forced projects to switch from gas to coal-fired energy with long term implications for the State’s greenhouse footprint.”

“It is critical that the Joint Working Group continue its work to ensure domestic gas supply meets Australia’s long term needs.”

**Contact: Stuart Hohnen (0419 923 749)**