

MEDIA RELEASE

FOR IMMEDIATE RELEASE

Number of Pages: 2

11 November, 2008



Western Australian natural gas demand expected to double by 2015

The amount of natural gas required to meet demand in Western Australia is set to double within the next six years according to a report released today by the DomGas Alliance.

The report by Economics Consulting Services found the State could require over 1100 TJ/day of additional gas by 2014-15 to meet new and replacement demand. This is equivalent to the total size of the existing market.

Alliance Chairman Stuart Hohnen said while the current financial uncertainty may affect the timing of some minerals processing projects requiring gas, potential demand remained significant.

“The domestic market presents significant opportunities for gas producers both now and for the future,” Mr Hohnen said.

“In the current uncertain international environment, the Western Australian market provides the advantages of low sovereign risk, no currency risk, geographic proximity and access to secure long term contracts.”

“The investment and technology thresholds for domestic gas developments are also considerably lower than for LNG.”

The report concluded 274 TJ/day of replacement gas will be required by 2015 to meet demand in electricity generation, industrial processing and manufacturing as existing contracts expire.

It also drew attention to the lack of any certainty that gas will be available to meet these contracts, some of which may be tied to fields that are declining or with producers with no replacement production in the required timeframe.

“Ensuring gas is available to roll-over existing contracts is crucial for the State’s manufacturing and electricity sectors,” Mr Hohnen said.

“As the Varanus Island incident reinforced, WA is dependent on natural gas to generate electricity, fuel industry and supply households and businesses.”

“We need greater competition, diversity and security of gas supply to ensure Western Australia’s energy future.”

....ends...

**Media contact: Donna Cole or Carrie Parsons at Last Say Communications
Phone: 9328 1111 or 0433 472 947**

Background – Key Report Findings

- 274 TJ/day of replacement gas will be required by 2015 to meet current demand as existing contracts expire.
- 68 TJ/day of gas will be required for resource project grid connected electricity.
- 783 TJ/day of gas will be required for new mineral and petroleum processing projects.
- At least \$36 billion in projects are currently or potentially seeking gas for expansion or new developments.
- These projects represent over 24,000 potential construction jobs, 13,000 operating jobs and \$19 billion in annual economic output.

