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## **New Scarborough delay highlights retention lease flaws**

The DomGas Alliance says the time has come for the Federal government to act on its tough talk on retention lease policy.

The call comes as Exxon Mobil and BHP-Billiton seek yet another renewal of their retention lease for the Scarborough field off the WA coast. The field was first discovered in 1979 with the first renewal granted almost 30 years ago.

DomGas Alliance Executive Director Matt Brown said the Federal government must finally make a stand and put its "use it or lose it" rhetoric into action.

"The Federal legislation allows for a renewal to be granted if a project will be commercially viable within 15 years," Mr Brown said.

"This retention lease has been repeatedly renewed over 35 years, highlighting the need to tighten the legislation. They should get one 15-year period, not two or three.

"The government would also be aware that public commentary from BHP-Billiton last year indicated that Western Australian projects had slipped down its priority list as it shifted its focus to the development of US shale prospects.

"Now we have the joint venture partners for Scarborough seeking yet another extension for their retention lease while refusing to confirm they have met the requirements of the current lease.

"The current lease requires them to finalise the concept selection. If, after 35 years, they still haven't figured out which way to go, then perhaps its time to allow someone else to have a go.

"When in Opposition, the Federal Coalition liked to talk tough about cracking down on producers trying to work the retention lease system.

"This would seem a pretty simple first test of that commitment.

"All we are saying is that the system should be made more transparent and open to competitive influences.

"The joint venture partners should be told to move forward with the project or the government will seek expressions of interest from the market to see if there is anyone who can deliver the project."

Mr Brown said the renewal system allowed major gas producers to gain the financial benefits of having potential projects on their books while not actually having to commit to delivering the projects.

“The massive Browse project is also awaiting approval of its retention lease,” Mr Brown said.

“In 2012 Woodside sold a portion of its share of the project for US\$2billion, making a gain on the sale of US\$974million.

“Meanwhile we are no closer to knowing when the project will be delivered and how the joint venture partners will deliver on their obligations to supply gas to the domestic market.”

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