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Gas crisis paves accelerated path to production

By [Meagan Evans](#)



Empire Energy Group has confirmed critical commercial flow rates from its Carpentaria-2H gas well. Credit: File

An impending and material cut to the Northern Territory gas supply is exacerbating the looming East Coast gas crisis.

Production at the Blacktip gas field, offshore in northern Australia, has fallen faster than expected, raising fears about energy security both within the NT and further afield.

Gas from Blacktip, which is owned by Italian multinational Eni, is used to generate electricity for Top End users, with any excess piped to East Coast markets. Production peaked in 2019 at about 100 million cubic feet per day and has declined ever since.

It fell by about 50 per cent last year – a trend that has worryingly continued into 2023.

The stark cut in production resulted in a two-month shutdown last year of the northern gas pipeline between the NT and the East Coast gas grid, the only pipeline link.

And the situation does not look like it will be improving at Blacktip any time soon. The NT Power and Water Corporation recently advised Incitec Pivot about potential gas reserves issues at the Blacktip gas field, with a cut to forecast supply under the parties' gas supply agreement from this month.

The cut in Blacktip production adds to both State and national concerns in relation to energy security, as the only other gas production in the NT comes from Central Petroleum's Amadeus basin gas fields.

However, this does pave the way for new sources of production, with the NT Government likely to be highly-supportive of any new gas supply projects – amenable to a potential saviour, if you like. The Beetaloo Basin, within the Greater McArthur Basin and said to host some 500 trillion cubic feet of in-place gas resources, appears to be a standout option.

Holding the biggest tenement position across the Beetaloo-McArthur Basins is Empire Energy Group, which is maturing its portfolio of onshore, long-life oil and gas opportunities. Already an early mover in the Beetaloo, Empire's path to first gas production is now on an accelerated schedule amid the looming East Coast gas shortage.

There have previously been questions around whether there was a big enough domestic market to warrant development of the scale of Empire's greenfield, unconventional gas project. But with the production drop from the Blacktip field and long-term gas supply issues, success at the project could clearly help bolster future domestic supply.

Empire Energy Group managing director Alex Underwood said: *"The production issues at the Blacktip Gas Field that provides energy for electricity generation for the people of the NT, power for NT mining operations and industrial activities as far as Mount Isa and the East Coast, underscore the critical importance of gas for our households and economy. Empire is rapidly progressing towards pilot production from the Beetaloo, aiming to be producing sales gas by early 2025. This will provide the NT with energy it needs, putting downwards pressure on power bills and enabling economic growth."*

Beetaloo's in-place gas resources are from entirely within the middle Velkerri B layer of the Mesoproterozoic Roper Group – where Empire is targeting. While only a handful of horizontal wells have been drilled to date, Velkerri B is the most prospective of the stacked, organic-rich shales of the Roper Group.

It is where both the Santos-Tamboran and Origin-Falcon joint ventures made big steps with lateral wells across the basin.

Amid accelerating urgency for new gas supply options, Empire substantially increased the contingent resources of its wholly-owned EP187 permit late last month to what it says is now a “nationally significant resource”. An independent review lifted the estimated 2C contingent resource by 270 per cent to a sizable 1739 petajoules.

The material upgrades in contingent resources to LNG scale help make the case to accelerate towards an early gas development option.

Empire further solidified its potential to step in and help fill the supply shortage by recently confirming critical commercial flow rates from its Carpentaria-2H gas well, its first horizontal well into the Beetaloo sub-basin. It pulled up an impressive 323 terajoules, or 281 million standard cubic feet (mmscf), over 127 days. That equated to a normalized rate of 2.75 terajoules (2.4 mmscf) each day per 1000m.

The impressive flow rates have already elicited the attention of multiple parties, who have expressed strong interest in buying Empire’s Beetaloo gas in both the pilot phase and full development phase.

With a recent green light from the NT government to move into production, along with adequate capital resources, Empire is now progressing towards development drilling and – more importantly – cash flow. A final investment decision on an initial gas project is due by the year’s end ahead of the anticipated first gas production in 2025.

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