

Empire strikes with first Beetaloo gas sales agreement



James Pearson | SPONSORED
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Empire Energy Group has taken a significant step towards becoming the first gas producer from the Beetaloo Basin after inking a 10-year supply agreement with the Northern Territory Government for 25 terajoules of gas per day.

The deal takes the company closer to a final investment decision (FID) on its Carpentaria pilot project in the basin and would see it supply a total 75 petajoules over a decade.

As part of the arrangement., the government will also hold an option to buy an additional 10-plus terajoules per day for the 10-year period, subject to the Carpentaria project's production exceeding 100TJ daily. The volume option, capped at 10 per cent of the project's output, would require expanded pipeline capacity to supply the East Coast of Australia, or Darwin.

The gas will be supplied on a take-or-pay basis to the McArthur River gas pipeline (MRP) that runs from the Amadeus pipeline to Glencore's McArthur River Mine and is operated by the Territory-owned Power and Water Corporation (PWC).

According to Empire, prices will be market-competitive, adjusted annually by the consumer price index. The optional supply will be offered at a slightly reduced price, potentially providing a long-term, cost-effective energy solution for Australia's Top End.

The sales agreement is subject to standard conditions, including the FID for Empire's 100 per cent-owned project and NT regulatory approvals for the Carpentaria gas plant (CGP) installation, which is understood to be progressing well.

This agreement is crucial for the NT's energy security, showcasing our dedication to providing energy for Territorians and stimulating hundreds of millions in investment into the NT economy. The project will generate local jobs, support NT businesses and create revenue streams for traditional owners and the NT Government.

Empire Energy Group managing director Alex Underwood

Underwood said the company now anticipated becoming the first company to supply gas from the Beetaloo after a 13-year pursuit, largely due to the “robust” support it had received from the NT Government since 2018.

In preparation for the FID, Empire recently raised \$46.8 million in fresh equity, sold its United States assets for US\$9.1 million (A\$13.9 million) and repaid an outstanding US credit facility, bringing its total cash at balance to \$57 million. The funds will be used to start the downstream work of constructing the processing facility, including the installation of its newly-acquired 42TJ per day Rosalind Park Gas Plant (CPP) and the development of a gas and water gathering system from the wells to the plant.

An environment management plan (EMP) for the CPP was submitted to the NT Government in the previous quarter for review and the company expects to receive the nod during the current quarter. Once approved, Empire will also have all the necessary clearances to proceed with all the upstream drilling, including hydraulic stimulation and flow testing of up to 10 new horizontal wells, in addition to constructing up to four new well pads.

Leading the charge in a quiet revolution of the Australian gas industry, the Beetaloo Basin is rapidly proving its potential, with an estimated resource of more than 100 trillion cubic feet (Tcf) of recoverable shale dry gas. The extensive shale targets, if developed, could significantly boost East Coast Australia's future energy supplies and elevate the nation's growing LNG (liquified natural gas) exports by using Darwin's expanding terminals for processing and shipping.

Empire is at the forefront of the transformation, holding more than 28 million acres – the biggest acreage position in the basin. Although not yet proven, the scale of the estimated resource is comparable to that of Australia's North West Shelf, which has consistently maintained the nation's position as one of the world's top two seaborne LNG exporters.

The sales agreement struck by Empire with the NT Government today speaks volumes about the future potential of the Carpentaria project. Given the forward sale has been awarded ahead of the impending environmental nod of approval and with funding is now in place, it would appear the company has now got to a point where its FID has a strong chance of coming to fruition – clearing the path to first sales by mid-next year.

And the market appears happy with progress, with the company's share price today reaching as much as 33c – its highest intraday trading mark for two years and up nearly 18 per cent for the day with close to 3 million units traded.

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Contact: matt.birney@wanews.com.au