

Troy Deighton

From: Bill Hastings <hastingsbnb@aol.com>
Sent: Saturday, 25 July 2020 2:52 PM
To: IPCN Enquiries Mailbox
Subject: NARRABRI GAS PROJECT.

For the attention of those people considering the Narrabri Gas Project.

I wish to make the following points in regard to the financial viability of the Narrabri Gas Project.

A financial assessment of the project was conducted in 2018. Since that date conditions have changed significantly.

1. Global price and industry movements.

SHELL advises early this month, of a \$A 36 Billion write down on their business, much if that driven by the Australian LNG Industry.

OIL SEARCH announced it would cut its workforce putting paid to hopes of a revival in the LNG expansion in Papua New Guinea.

CHESAPEAKE Energy filed for bankruptcy protection in the USA in June 2020.

DELOITTE warns of \$US 300 million impairments to Gas interests in the USA in the June Quarter.

BP offered similar impairment advice in June 2020 for the Australian LNG Companies, including Woodside Petroleum, Santos, Origin Energy, and Oil Search.

The cut in oil price assumptions by Shell and BP, the global heavyweights represents a fundamental shift.

BPs new long term assumptions are for oil at US\$55 per barrel, Shell is assuming US \$60 (far higher than this years US\$35). Oil pricing is the foundation for GAS pricing. These prices are below Santos assumptions.

The short term spot LNG prices have tumbled to a record low, below \$US 2 per Million British Thermal Units in April.

More than 40 Australian LNG cargoes faced lengthy delays or have recently been anchored offshore awaiting markets.

2. Implications for the 850 CSG wells Santos plans near Narrabri.

The fundamental financials of Santos plan are now unsound based on today's global market and future price assumptions by the big players.

The higher Australian cost of production would leave NSW gas consumers with higher gas supply prices than Global markets, inflating costs for business and consumers in NSW. Customers will reevaluate their energy choices.

Planning permission has already been granted for the Port Kembla gas terminal AIE is developing, that provides energy security to NSW.

In the long term NSW would benefit more by sustained agricultural production in the area than Gas production.

Worst scenario is the progression of the Santos Gas project, its failure and the destruction of lands and water resources preventing agricultural development, and total loss of otherwise productive lands.

In the light of these new developments, the Narrabri Gas Project should not proceed.

Thank you for your consideration.

William Hastings.
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