

**3 November 2022**

## **OIL AND GAS INDUSTRY SETS THE RECORD STRAIGHT ON PRICES**

Australia's oil and gas industry has outlined the facts on gas prices after the latest misrepresentations of the sector by Industry Minister Ed Husic.

The Australian Petroleum Production & Exploration Association (APPEA) today said it was irresponsible for a Federal Cabinet Minister responsible for business policy to repeatedly demonise and misrepresent a leading industry so critical to the national economy.

APPEA Chief Executive Samantha McCulloch said: "Minister Husic has today continued his recent efforts of name-calling and sledging leading Australian businesses that support 80,000 workers and enable almost \$500 billion of economic activity annually – not to mention supporting thousands of manufacturing jobs in his portfolio.

"It is easy to misrepresent how the gas market works, but the facts are that average domestic prices are well below international prices," she said.

"While a range of prices can be offered to customers in direct negotiations, the average realised domestic prices reported by APPEA members to the Australian Securities Exchange recently for the third quarter sit between \$8.50/GJ and \$13.10/GJ, well below the international market (*see table below*).

"For example, the average realised price for Origin Energy's APLNG is A\$12.44/GJ for the 3<sup>rd</sup> quarter 2022. During the same period, the average realised price for LNG sales was A\$19.52/GJ.

"Santos had an average realised price of A\$13.10/GJ for the same period compared to about \$26/GJ being offered by GLNG internationally.

"It might not suit Minister Husic to recognise the complexity of our industry and of Australian gas markets, but he is ignoring the \$300 billion-plus investments the industry has made in the LNG sector in just over a decade that has created a world-leading economic powerhouse delivering billions of dollars of benefits to Australians."

Ms McCulloch said most businesses were on long-term contracts at lower prices given the way the wholesale gas market operated.

"Around 85% to 90% of the gas market is covered by long-term contracts which were offered in 2021 for this year – and locked in by many customers – at price levels of around A\$6/GJ to \$9/GJ," she said.

"The remainder is covered by smaller, volatile spot price markets which for much of this year have been around 50-70% lower than those paid internationally.

“The industry has secured domestic supply and has worked tirelessly to get the gas to where it needs to go and ease pressures caused by a lack of policy support, bans and regulatory uncertainty for years in some jurisdictions; global energy market turmoil; and coal-generation outages and renewables failing to generate electricity during winter.”

### Average Realised Gas Prices

- **Beach Energy:** average realised gas/ethane price of **\$8.50/GJ** in the 3<sup>rd</sup> quarter 2022, down 3% from the 2<sup>nd</sup> quarter ([BPT FY23 First Quarter Activities Report.pdf \(yourir.info\)](#)).
- **Cooper Energy:** **\$9.06/GJ** for the 3<sup>rd</sup> quarter 2022, down 14% from the 2<sup>nd</sup> quarter ([Cooper-Energy-Quarterly-Report Q1-FY23.pdf \(cooperenergy.com.au\)](#)).
- **APLNG:** **\$12.44/GJ** for the 3<sup>rd</sup> quarter 2022. During the same period, the average realised price for LNG sales was **\$19.52/GJ** in \$A ([PowerPoint Presentation \(originenergy.com.au\)](#)). LNG prices were 1.6 times higher than domestic gas prices.
- **Santos:** **\$13.10/GJ** for the 3<sup>rd</sup> quarter 2022. During the same period, the average realised price for LNG sales was \$US16.76/MMBtu which is nearly **\$26.00/GJ** in \$A. ([2022 Third Quarter Report- FINAL-1.pdf \(santos.com\)](#) and [2022 Third Quarter Report Data Tables FINAL-1.xlsx \(live.com\)](#), using \$A/\$US exchange rates from [Historical Data | RBA](#)). LNG prices were around twice domestic gas prices.
- **Senex Energy** (last report before delisting): **\$7.60/GJ** for the first half of the 2022 financial year([2343780-1.pdf \(senexenergy.com.au\)](#)).

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