



**THE GLOBAL OUTLOOK
FOR GAS SUPPLY
AND DOMESTIC GAS IMPLICATION**

**Eastern Australia's Energy Markets Outlook 2015
Sydney**

Central Petroleum Limited
ASX:CTP

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Global Outlook



- Global Oil – production up 2 million bbls/day but demand around 1 million bbls/day.
- Global Gas – production grew by 5 BCF/day demand 1.2 BCF/day.
- NOTE DEMAND is still growing but over-supply caused by US shale revolution
- Prices have dropped to marginal costs of shale gas producer
- Rig count down in US and production growth gone
- Price is market-clearing mechanism

Domestic Gas Implications



- All 6 trains at Gladstone either completed or over 90% complete
- A single train approximates NSW consumption
- Proponents state that they make a return (albeit small) at US \$45/bbl
- All need to service capital so marginal economics rule
- All need to maximise throughput to service capital
- The projected domestic gas shortfall is unaffected or exacerbated by low prices for LNG

Domestic Gas Implications



- Domestic demand growing at greater than AEMO forecast (about 10% or 40PJ pa)
- Exploration at record low
- Production costs at historical fields escalating
- Only 27% of NSW demand is electricity related
- Nearly 50% of NSW demand is industrial for which there are no substitutes

Domestic Gas Implications



- Even hospital waste needs gas
- Industrial consumers are “export exposed” (import replacement) so dramatic drop in \$A is beneficial and not influenced by LNG economics directly as gas is only a portion of their production
- **THE COUNTRY NEEDS NEW SOURCES OF SUPPLY**

Where we are



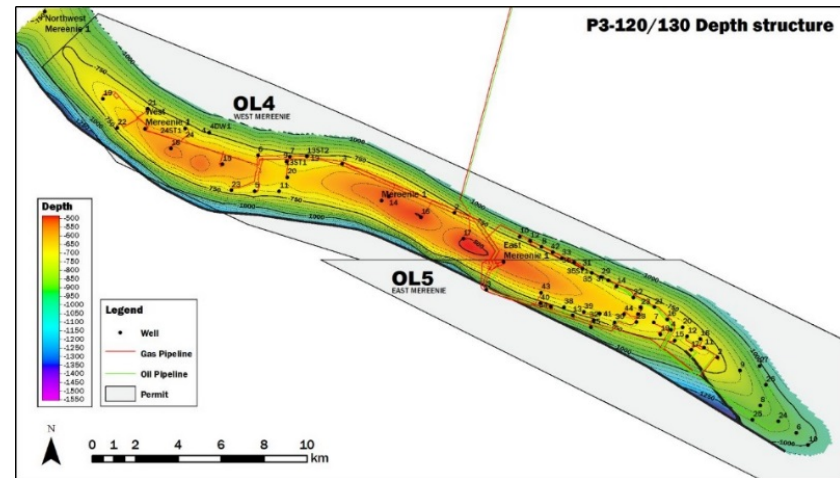
- Activists trying to prevent future supplies by banning fracking.
- Fracking has been used since 1948.
- About half of the world's gas supply comes from fracked sources.
- Numerous scientific enquiries state fracking under appropriate regulation is not a risk. At risk are the people whose jobs depend on gas security. It is a "settled science".



The Answer, My Friend, is NEGI



- Mereenie is the largest onshore oil and gas structure ever discovered in Australia.
- Central acquires 50% interest in Mereenie.
- Mereenie has 5 producing zones, only 1 of which is oil.
- 3 of these zones require more appraisal/development.



- Between NT Government and Amadeus Basin current capacity approximately 100 TJ/day (36.5 PJ p.a. available for the Northern Territory Eastern Gas Interconnect (NEGI) or 20% of the projected shortfall).
- Low Production Costs

NEGI is the answer



- Central aims to supply 100 TJ/day from at or near Mereenie, Palm Valley and Dingo and surrounds by 2018-19
- Presently the company has 230 PJ of uncontracted reserves for NEGI but it aims to increase this to over 300PJ by Financial Investment Decision (FID) of NEGI
- To achieve Long Term Gas Security for Australia (which may only be possible with the Moomba route), Central would need to achieve its goals, which include paying between \$5 to \$10 million p.a. in royalties and giving greater local autonomy to Territorians
- NT (1/6th of continental Australia) has large gas potential (both conventional and unconventional) untapped by lack of markets
- NEGI pipeline approval is urgently needed for NT to alleviate looming gas shortages at East Coast demand centres.

All Politics Are Local



Our Employment Philosophy

1. Family values for working families.



2. Northern Territory for Northern Territorians.



3. Traditional Values for Traditional Owners.



Contact Us



Richard Cottee

Managing Director

Ph: +61 (0) 7 3181 3800 | Fx: +61 (0) 7 3181 3855

Level 32, 400 George Street, Brisbane, Queensland 4000, Australia

PO Box 12214, George Street, Queensland 4003, Australia

info@centralpetroleum.com.au | centralpetroleum.com.au



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Petroleum**