

Smoothing SA's Path To Shale Success

South Australia has stolen a march on its State rivals in the race to transform its shale and unconventional hydrocarbon potential into commercial reality by pro actively engaging with the public and stakeholders to shape the soon to be released final draft of its *Roadmap for Unconventional Gas Projects in South Australia*.

South Australia has already witnessed oil and gas history in the making, on the verge of producing first gas from Australia's first commercial shale gas well at Moomba-191 in the Cooper Basin, which has flowed gas at stabilised rates of 2.6 MMcfd with a peak rate of 3MMcfd from the Roseneath, Epilson and Murteree shales.

In the same area Beach Energy has flowed 2 MMcfd from both of its Holdfast-1 and Encounter-1 wells and are considering plans to put the wells into production.

Santos holds the largest acreage in the Cooper Basin, estimated by the US Energy Information Administration to contain 85 Tcf of unconventional gas. Santos, an acronym for *South Australia Northern Territory Oil Search* has a majority stake in the Moomba gas plant and owns extensive infrastructure in the Cooper Basin. The Adelaide-based company is thus seen as the logical driver of the State's shale aspirations.

Barry Goldstein, Executive Director Energy Resources Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), revealed that 20 companies/joint ventures are focused on exploring the potential of unconventional gas plays in South Australia.

DMITRE is upbeat and said of the State's prospects: "The chance at least one of these unconventional gas plays will lead to a major discovery is high. Realistic expectations are held for success in one or more of South Australia's unconventional gas plays, and each of at least nine plays has potential to underpin exports of LNG and/or synthetic transport fuel (synfuel) supplies from South Australia."

Against this background South Australia is covering all bases on the journey to smoothing a path pursuing shale success, initially having convened a Roundtable for Unconventional Gas in 2010 that drew input from 140 organisations including; individuals, peak representative bodies, companies, universities and key agencies from all States, including the Northern Territory and Commonwealth governments.

This initiative subsequently produced the Roadmap that is tasked with clarifying opportunities as well as risks for unconventional gas projects in South Australia and to inform markets, people and enterprises

while reducing critical uncertainties that could impede efficient, profitable and coveted investment.

During the process the public were given an extended period to comment. Prior to publication, DMITRE was finalising changes before forwarding the document to Cabinet for endorsement ahead of the Roadmap's final release with recommendations.

This document will address industry strategies, government policies and public perceptions to facilitate the "efficient, profitable and welcomed deployment of capital, technologies and infrastructure for the commercialisation of unconventional gas in the State to supply: domestic and international markets for gas; petroleum liquids; manufactured synthesis gas (syngas); and synthetic liquid transport fuels (synfuel)".

South Australia has clearly taken its cue from the wise counsel of Rhodri Thomas, International Energy Analyst for Wood Mackenzie, who in 2010 noted: "It is too early to say how the future of unconventional gas will play out, but it is clear that stakeholders across the gas value chain – gas suppliers, resource holders, buyers and policy makers – need to understand the possible impact of future developments. Those that do this early and monitor key signposts will be best placed to benefit from the unconventional gas revolution." ■