Economics of Gas Field Developments in the Cooper Basin After 1999

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In February 1999 all Cooper Basin exploration acreage in South Australia, which has been under licence since 1954, will be relinquished and therefore become available to new explorers. To assist new explorers in evaluating exploration opportunities, Mines and Energy South Australia has developed feasibility level costs for gas field developments which are independent of existing infrastructure owned by the Cooper Basin Joint Venturers. Alternatively, new producers may be able to negotiate access to existing facilities. MESA has developed estimated tolls based on pricing principles which imitate a competitive market. Tolls in this instance should lie between the operating cost of the facility as a minimum and the deprival value cost as a maximum.

The study shows that if access to existing facilities is negotiated on a deprival value cost, fields with as little as 5BCF (141 Mm^3) receoverable raw gas are economic. However if field development is totally independent of existing facilities, the minimum economic field size exceeds 35 BCF (987 Mm^3) recoverable raw gas (assuming flaring of LPG is not permitted).

MESA conducted this study based on data available in the public and commercial arenas. This demonstrates that it is possible for any company to develop their own data for development and negotiation purposes.

NOTE: this paper will also be presented at the 1997 APPEA Conference.

Venue:
12.15 pm, Hindley Park Royal, 65 Hindley St, Adelaide.

Cost:
PESA members and student non-members $25, student members $20, non-members $30.

Bookings:
Phone: 08 8 274 7631;
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Deadline:
12 May 1997.