

Gas Lobby Pressure For Idle Field Action

The DomGas Alliance, a group of major WA gas users, is lobbying the federal government to pressure large energy companies to develop idle gas fields, rather than let them lie dormant.

The DomGas Alliance includes Alinta, Alcoa, NewGen Power, Synergy and Perth Energy, and is positioned as a voice for domestic gas consumers, particularly industry consumers. Chairman of the DomGas Alliance, Stuart Hohnen, said it was possible that some consortiums were sitting on reserves without immediate plans to develop the area.

Such inactivity, combined with demand for gas to produce electricity and power industry,

has forced wholesale gas prices to treble in the past 18 months. "This could be a breach of the government's so-called use it or lose it policy under which companies that did not bring gas fields into production could have them taken away. There is a significant shortage of gas in the domestic market and we don't think there should be support from the government to (effectively) warehouse reserves", Hohnen said.

Federal Resources Minister, Martin Ferguson, has warned he will apply the policy more firmly in respect to 10 leases which are due for renewal in the next few months, and has called for the lease process to be exposed to greater scrutiny and competition.

However, Mr Hohnen said government was not necessarily the best judge on whether gas reserves were being adequately utilised, and suggested other petroleum companies be given information about fields so they could offer alternative development plans.

"There may well be other parties who are keen to develop those reserves apart from the leaseholder. There should be the opportunity for other companies to look into the process and to obtain information about the reserve and what's on the lease to put forward its own views. There are some issues of commercial confidentiality that need to be thought through", he said. ■