



Hon. Justice Rachel Pepper  
Chair  
Hydraulic Fracturing Taskforce  
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15 February 2018

**Re: Scientific Inquiry into Hydraulic Fracturing in the Northern Territory –  
Draft Final Report**

Dear Justice Pepper

Jemena welcomes the opportunity to respond to the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory's (**the Inquiry**) Draft Final Report (**the Report**). We have previously provided a joint submission to the Report with the Australian Industry Group (**Ai Group**) and Business Council of Australia (**BCA**).

Jemena owns and operates a diverse \$10.5 billion portfolio of energy and water transportation assets. This includes gas and electricity distribution and gas transmission assets throughout eastern and northern Australia, where the organisation directly supplies over 1.6 million residential, commercial and industrial customers. We are currently constructing the 622 kilometre Northern Gas Pipeline (**NGP**) from Tennant Creek in the Northern Territory (**NT**) to Mount Isa in Queensland.

While it is important the Inquiry's proposed framework delivers certainty for all stakeholders, it is critical that this does not delay the timely development of NT onshore gas resources. As such, we make the following points with regards to the Report's recommendations:

1. The existing Petroleum Act and associated regulations provide adequate oversight to allow for exploration to continue safely, while a strengthened regulatory regime is developed to govern production activities.
2. Clarification is needed to distinguish what constitutes production, to ensure that ambiguity is minimised and small scale exploration activities can continue whilst the regulatory framework is developed.

Any delay to progressing the exploration of its onshore gas resources increases the risk that the NT will be unable to capitalise on the need for new gas supply in the east coast market. In 2017, the Australian Energy Market Operator and the Australian Competition and Consumer Commission consistently reported that new gas reserves are needed to restore the supply-demand balance in the domestic market.

An NT onshore gas industry could fill this supply gap, while increasing employment and economic prosperity for all Territorians. The additional revenues from royalties would also contribute to reducing the forecast fiscal deficits and net debt levels in the 2017-18 Mid-Year Report released by the NT Department of Treasury and Finance.

Given exploration and appraisal activity will remain small-scale for a number of years, this can be successfully undertaken under the existing Petroleum Act and regulatory regime. Therefore, the proposed reforms should not inhibit exploration while the strengthened regulatory framework to manage large-scale commercial production is developed.

There are regulatory models within Australia that have allowed for gas exploration and extraction to occur successfully, while facilitating sustainable coexistence among rural landholders, regional communities and the onshore gas industry. The GasFields Commission in Queensland has demonstrated it is possible to adequately balance the plethora of views and expectations on this topic on an ongoing basis.

There is also the significant infrastructure investment in developing the gas transportation infrastructure to deliver NT gas to meet the east coast demand. Jemena has already invested significantly in the NT through our NGP project, having constructed 403kms of the 622kms of the pipeline. The NGP has the capacity to deliver 90 terajoules of gas a day, with first gas expected to flow in late 2018. So far, the project has:

- created more than 960 jobs, with 208 jobs in the Barkly region.
- awarded 205 contracts to local businesses and organisations across Northern Australia (worth over \$22 million in NT alone in 2017).
- supported grassroots community organisations through our sponsorship program.
- supported indigenous employment and development through training programs.

We are also prepared to invest significantly more capital extending and expanding the NGP if NT onshore gas can be commercialised. The project is estimated to cost around \$3-4 billion and could create around 4000 new jobs across Northern Australia. We have taken preliminary steps to develop this pipeline corridor, having signed a binding MOU with Galilee Energy Limited (GLL) to bring gas to market from GLL's Glenaras Gas Project in Queensland's Surat Gas Basin. This will allow Jemena to sequence the expansion and extension of the NGP quickly to meet east coast demand, if NT onshore gas is developed.

Jemena commends the thoroughness of the work undertaken by the Inquiry to date. A pathway has been laid out to safely manage an onshore gas industry when commercial large-scale production can be achieved. It is imperative in the interim that exploration commences to allow for timely and effective development of the NT's gas resources to deliver ongoing benefits for the NT and Australia.

Please contact [REDACTED] or [REDACTED] for inquiries in relation to Jemena's submission.

Yours sincerely



**Antoon Boey**  
**Executive General Manager Corporate Development**  
**Jemena.**