

# Low gas prices 'a fantasy'

VALERINA CHANGARATHIL

SOUTH Australian oil and gas company Beach Energy will spend two-thirds of its capital on boosting east coast gas supply, but says any talk of cheap prices is "a fantasy".

Managing director Matt Kay said SA, NSW and Victoria's reliance on LNG diverted from Queensland is set to increase unless there is a significant increase in supply.

"Going forward, the picture doesn't get any better," the company's virtual annual general meeting heard yesterday.

"So, more gas is desperately needed to ensure there is no shortfall. However, it needs to be cautioned that talk of \$4 gas for term contracts is a fantasy because, to put it simply, this gas doesn't exist."

The most recent gas report by the Australian Competition and Consumer Commission states that contracted prices for 2021 delivery are in the \$8-11 per gigajoule range.

"This is the reality of where we are at because these are the prices necessary to facilitate the long-term investment required to develop gas for customers," Mr Kay said.

He said the business was committed to the east coast market, with almost two-third of its FY21 capital expenditure of \$650m-\$750m being directed towards "finding, appraising, developing and sustaining" those supplies.

Broadly, Beach will focus on three opportunities: a final investment decision on its Waitsia stage 2 project in WA by December, its Otway Basin exploration campaign where it discovered new gas and the control of Cooper Basin assets it recently bought from Senex.

