

MEDIA RELEASE

FOR IMMEDIATE RELEASE
28 July 2009



Tight gas incentives welcomed

Western Australia's peak energy user group has welcomed the State Government's royalty incentives for tight gas projects.

DomGas Alliance Chairman Tony Petersen said reduced royalty rates for tight gas projects will help unlock a new source of domestic gas for Western Australia.

"Western Australia continues to experience a critical domestic gas shortage," Mr Petersen said.

"Any initiative to promote domestic gas exploration and development will be welcomed by WA businesses and households."

Mr Petersen called on the Federal Government to match the State Government by providing Federal tax incentives for domestic gas development.

"The Commonwealth can assist domestic gas projects by providing increased tax deductibility for pre-wellhead expenses," Mr Petersen said.

"A Flow Through Share Scheme should also be implemented to encourage companies engaging in domestic gas exploration and development."

Western Australia potentially has 9-12 trillion cubic feet (Tcf) of tight gas resources in the Perth Basin, located close to existing gas pipeline infrastructure. Tight gas is held in "tight" or low permeability reservoirs and requires additional technology and processes to develop.

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The DomGas Alliance

The DomGas Alliance is Western Australia's peak energy user group and represents natural gas users, infrastructure investors and prospective domestic gas producers. The Alliance aims to promote security and affordability of gas supply for industry, small business and households.

The Alliance was formed in 2006 in response to a serious shortage of gas supply for new developments in WA. Alliance members represent around 80 percent of Western Australia's domestic gas consumption and gas transmission capacity, including smaller industrial and household users of gas. The Alliance also includes companies working to develop domestic gas fields.

Members include: Alcoa of Australia, Alinta, Burrup Fertilisers, Dampier Bunbury Pipeline, ERM Power / NewGen Power, Fortescue Metals Group, Horizon Power, Newmont Australia, Synergy, Verve Energy and Murphy Oil.

