

Blue Energy gets first deal to underpin proposed North Bowen gas pipeline

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By

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Blue Energy has signed a non-binding agreement with EnergyAustralia for the supply of 100 PJ of gas at Wallumbilla over 10 years.

Queensland and Northern Territory gas play [Blue Energy \(ASX: BLU\)](#) has signed a non-binding supply agreement with electricity and gas supply giant EnergyAustralia that begins to lay the groundwork for a proposed pipeline to tap the resources of the Northern Bowen Basin.

When the pipeline is completed, Blue Energy would under the proposed agreement supply 10 petajoules (PJ) per annum for a contract life of 10 years.

This would, on current gas prices, be worth \$690 million in revenue over the 10-year.

The proposed commitment of 100 PJ represents just 3% of Blue Energy's gas resource in the Bowen Basin, which now stands at more than 3,000 PJ.

This move comes as the pace steps up on a plan to build a pipeline from the Northern Bowen Basin to the major Queensland gas hub at Wallumbilla with the state government backing a preliminary study and the federal government calling for development of the basin.

Opening up the east coast market

Such a pipeline would mean that gas from that part of the basin could be fed into the east coast market.

The company says it is a foundation volume that “will contribute to the underpinning of the proposed gas pipeline into the Wallumbilla hub and for the development of Blue’s Bowen tenements”.

The gas for EnergyAustralia would come from Blue’s ATP814 coal seam gas tenure.

This tenure has been assessed to contain 3,248 PJ of recoverable contingent resource near Moranbah.

In addition, there is now 71 P of 2P reserves and 298 PJ of 3P reserves in close proximity of existing gas field infrastructure in the North Bowen Basin.

EnergyAustralia’s new foray into Queensland

This deal is also significant for the fact that EnergyAustralia now operates mainly in NSW, Victoria and South Australia, with only one project in Queensland, a solar farm near Townsville.

Now that company is seeking to tie up gas supplies in Queensland.

It serves 1.7m electricity and gas consumers in the southern states and is owned by CLP Group, better known as China Light and Power of Hong Kong.

Blue Energy managing director John Phillips said recent acknowledgement by both the federal and Queensland government of the gas potential of the North Bowen Basin “has given buyers the confidence to seek secure long-term gas supply from this under-developed producing basin”.

In April Blue Energy called for the pipeline’s construction, saying it could unlock 15,000 PJ of discovered gas to provide vital timely and reliable energy supplies to the eastern states.

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