

# Blue Energy inks gas offtake deal with Pure Minerals in Queensland

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Blue Energy has signed a non-binding MOU with a Pure Minerals subsidiary to supply gas to the proposed Townsville Energy Chemical Hub project.

Oil and gas junior [Blue Energy \(ASX: BLU\)](#) has inked a deal to supply gas to [Pure Minerals' \(ASX: PM1\)](#) proposed nickel refining project in Townsville, Queensland.

The gas player today announced the signing of a non-binding memorandum of understanding with Pure's wholly-owned subsidiary Queensland Pacific Metals (QPM), which is focused on developing the Townsville Energy Chemical Hub (TECH) project to produce nickel and cobalt sulphate for the emerging electric vehicle sector.

Under the deal, QPM indicated it would offtake 7 petajoules of gas per annum from Blue Energy's North Bowen Basin gas resource for 15 years.

Speaking with *Small Caps*, Blue Energy managing director John Phillips said Townsville was traditionally a small gas market (compared to the bigger southern gas market) but has recently been strengthened by a proposal for a 'giga factory (Telsa style) battery manufacturing plant- which will require Nickel and Cobalt as raw materials for battery manufacture.

“The Queensland Pacific Metal’s TECH Project will be significant to the Townsville economy as demand for high end batteries grows in the developing age of much more renewable energy and low emission economies and EV’s gains traction,” he said.

Blue Energy chairman John Ellice-Flint said both the development of Blue Energy’s upstream gas resource and the downstream QPM processing facility will also create jobs and revenue for businesses in the region and for the export industry.

## Bowen Basin gas

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The gas supply for the proposed refinery will initially be drawn from Blue Energy’s ATP814P Sapphire Block in Queensland’s Bowen Basin, which has been estimated to hold close to 216PJ of 3P gas reserves and has an additional 186PJ of contingent resource.

Today’s news follows last month’s announcement of a non-binding MOU between Blue Energy and pipeline owner North Queensland Gas Pipelines Pty Ltd to assist [Blue Energy to get its gas to the domestic market in Townsville](#).

The 391km onshore pipeline is North Queensland’s only source of natural gas and runs from the [AGL Energy \(ASX: AGL\)](#) and Arrow Energy-owned Moranbah Gas Project in the Bowen Basin to power and existing industrial users in Townsville.

Blue Energy’s Sapphire Block is located 12km from the Moranbah gas processing facilities and less than 2km from the existing gas field gathering infrastructure in the MGP

Mr Phillips said a production licence application has been submitted to the government for the development of the Sapphire resource and its grant is subject to reaching a Native Title Agreement with the Traditional Owners together with Environmental Authority upgrades .

“We will also look for additional gas buyer interest as our gas resource will in time, be able to accommodate additional offtake,” Mr Phillips added.

According to Blue Energy, the broader Northern Bowen Basin holds about 15,000PJ of gas, which is considered sufficient to support the east coast domestic gas market on current demand levels for the next 30 years. Blue Energy’s portion of this resource is currently estimated at 3,248PJ.

## The TECH project

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Queensland Pacific Metal’s 100% owned [TECH project](#) involves the proposed development of a new refinery to process 600,000 tonnes per year of laterite ore, imported from two New Caledonian mining companies.

The processed ore is expected to produce 25,000t nickel sulphate and 3,000t cobalt sulphate, along with valuable co-products including alumina and hematite.

## Securing gas buyers

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Blue Energy's MOU announcement was released concurrently with the company's annual general meeting presentation and poll results.

In the presentation, Blue Energy listed its priorities as being the execution of gas sale agreements in Townsville, along with ensuring the construction of a southern pipeline to access and secure gas buyers further south of its Sapphire Block in Wallumbilla or Gladstone.

Mr Phillips said large volumes of gas are required in the south now, and into the future, but there is currently no connection to this market from Moranbah.

"Manufacturers in the southern market are pleading for more gas to be made available and the North Bowen Basin is an under-developed large gas resource," he said.

## Exploration upside in the Northern Territory

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Blue Energy has also highlighted upside potential at its McArthur Basin acreage in the Northern Territory, stating plans to restart exploration following 2018's lifting of a Hydraulic fracture stimulation moratorium in the region.

"Operators are now starting to get more active and are working through the new approval regime for seismic, drilling and well stimulation activities," Mr Phillips said.

"Santos (ASX: STO) and Origin Energy (ASX: ORG) are active in this current dry season, and Blue Energy is now looking at the environmental approvals required to gain approval to acquire seismic data."

"Our strategy is to progress the conveyor belt of opportunities we have in our portfolio – from the frontier greenfield [assets] like in our Northern Territory permits to the more mature exploration assets like our Bowen Basin assets in the Moranbah region, which have independently assessed gas reserves and resources and are at the monetisation stage for Blue Energy," Mr Phillips added.