

20 September 2023

Galilee Basin Potential Commercial Area Decisions by Qld Government

Blue Energy Limited (ASX: BLU, 'Blue') advises that the Queensland Department of Resources has informed Blue Energy of its decision to decline the grant of the nine Potential Commercial Area applications (PCA's) over Blue's ATP 813P area in the Galilee Basin (see Figure 1).

Background

- Blue holds ATP 813 100%
- Blue has drilled 6 exploration coreholes in the permit area as per the work program.
- Independent Resource experts Netherland Sewell and Assoc Inc (NSAI) assessed the data.
- NSAI estimated 838 PJ⁺ of Contingent Resource (3C category of recoverable gas) in the tenure.
- 9 separate PCA applications were lodged by Blue with the Qld Department of Resources in February 2018 as a result of gas discoveries in each of the 6 CSG core holes drilled.
- Blue believes it demonstrated the regional extent of the coal seam gas reservoir throughout the PCA application areas.
- The PCA applications lodged contained evaluation work programs consisting of 9 core wells to be drilled in the first 4 year period on the PCAs if awarded plus options for additional multiple pilot production test wells.
- Blue proactively responded to the many Departmental information requests since PCA lodgement and throughout the assessment process of the PCA's.
- Blue's economic assessment of the PCA areas suggested positive economic viability within the term of the PCA's based on current gas prices, aggregated infrastructure construction to connect to the east coast market and using "common user" principles for gas pipeline access.

Under the Petroleum and Gas (Production and Safety) Act 2004, to be awarded a PCA the Minister must be satisfied that:

1. the area is no more than is needed to cover the maximum extent of a natural underground reservoir identified in the report; and
2. petroleum production or storage in the area to be declared, is not, and will not soon be, commercially viable, but is likely to become viable within 15 years.

Current position

The Department has informed Blue that it has made the decision to decline all of the applications in total on the basis that it is not satisfied that petroleum production in the Galilee Basin area covered by Blue's proposed PCA applications would be likely to become commercially viable within the next 15 years.

Blue has 20 Business days in which to appeal the Department's decision and is reviewing the merits of this option.

⁺ Company Market Announcement 30th October 2014

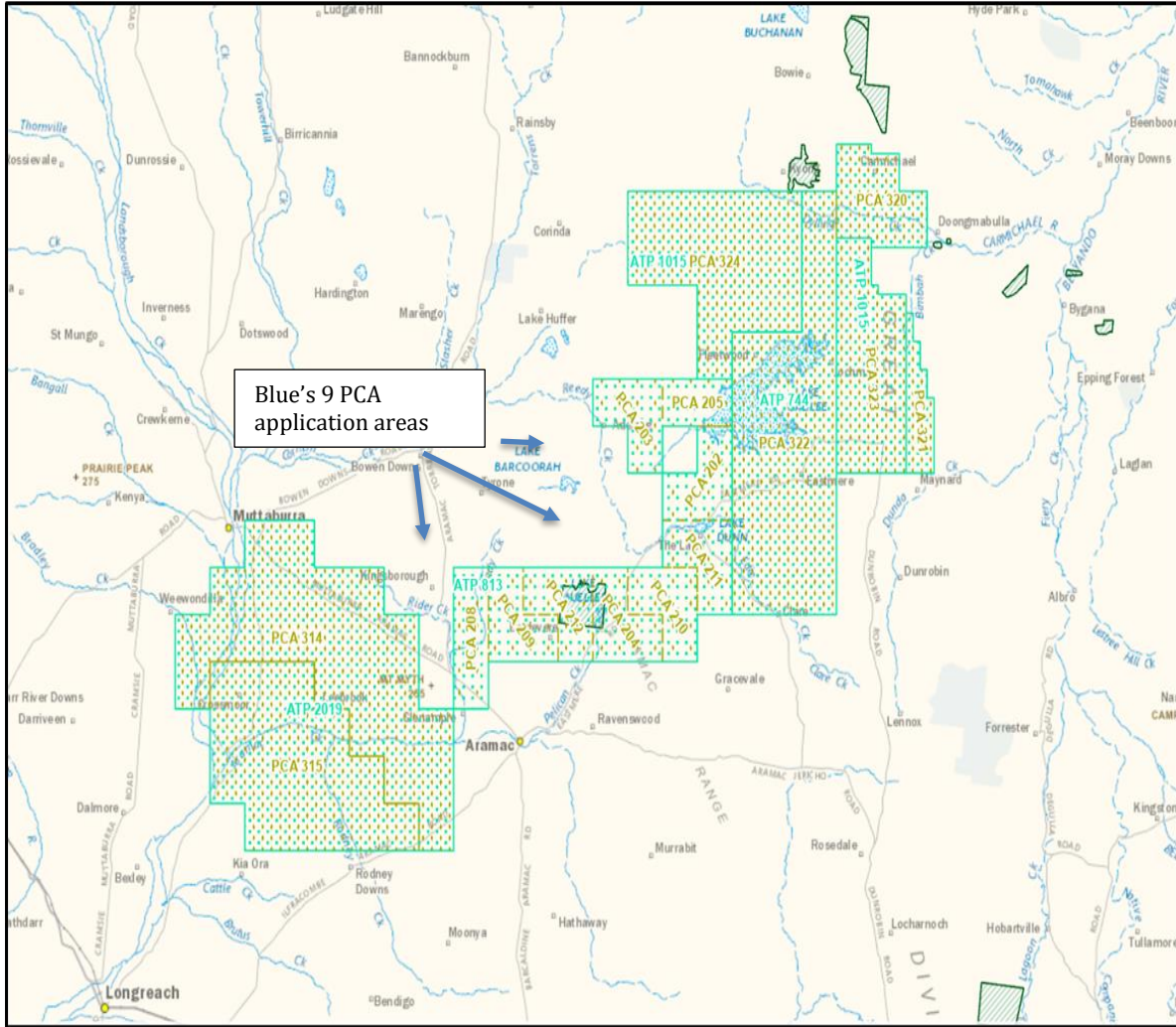


Figure 1: Location of Blue's PCA applications in the Galilee Basin. Source: Geoesglobe

Released by Authority of the Board per:

John Phillips
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