Narrabri Gas Project CCC

Information Request Response

Reference:	**29.2 Response to questions tabled by the People for the Plains delegate at the October CCC meeting.**
Request and responses:	**<u>Question 1:</u>** **Can Santos give details of the innovation, lean principles adopted to reduce drilling costs by nearly 60% in the Cooper Basin?** **<u>Answer:</u>** The industry slowdown following the drop in oil price has meant rig rates are lower than they have been in the past. In addition, a number of measures have resulted in the reduction in drilling costs, these include: • Logistics around the moving of rigs have been streamlined • This streamlining has also meant the deployment process is quicker • Optimising the selection of drill bits has made drilling more efficient • A review of the well logging process has reduced time and costs It is important to note the introduction of these measures has not compromised safety or the environment. **<u>Question 2:</u>** **Will the same apply to drilling costs in Narrabri?** **<u>Answer:</u>** Not necessarily, the Cooper Basin is a very different environment to Narrabri. We will look at their learnings and see which of the measures might be suitable for adoption in Narrabri. Obviously we will aim to drill wells as economically as possible without compromising safety or the environment. **<u>Question 3:</u>** **Does Santos have an estimate of the capital cost of developing the NGP if approval is given to proceed? A best and worst case scenario?** **<u>Answer:</u>** Chapter 27 of the Environmental Impact Statement for the project says the project will involve a nominal capital investment of $3.6 billion and that the ongoing project costs over the 25 year life of the project total a nominal investment of $5.5 billion. **<u>Question 4:</u>** **In view of the reduction in the drilling complete connect costs Santos have announced, can they provide an estimate of the cost of production or the break-even cost per gigajoule of gas for the NGP. A best case and worst case scenario?**

	<u>**Answer:**</u> The economics of the project are well-described in Chapter 27 of the EIS. The project has sound economic credentials. The exact break even cost is commercially sensitive.
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