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Local Narrabri gas to underpin new manufacturing jobs in northwest NSW

Santos and Perdaman have today announced a non-binding agreement for the supply of 14.5PJ of natural gas per annum over 20 years, subject to a final investment decision for the Narrabri Gas Project.

The gas would be supplied to a proposed new ammonium nitrate plant near Narrabri to produce fertiliser for agribusiness, a key sector of the NSW economy. The plant would be developed in parallel with the Narrabri Gas Project to use appraisal and early development gas.

Hybrid power, a combination of gas-fired power generation integrated with renewable power generation will also be assessed to provide electricity to both the Narrabri Gas Project and the ammonium nitrate plant.

The plant is expected to support 700 jobs during construction and another 100 direct and 100 indirect ongoing jobs during operations. This is in addition to the hundreds of jobs that will be supported by the Narrabri Gas Project during both construction and operations.

These two projects will be a boost for small businesses and the communities in and around Narrabri.

Santos Managing Director and CEO Kevin Gallagher said Santos has committed to develop the Narrabri Gas Project solely for the east coast domestic gas market.

“Narrabri gas will be very competitively-priced gas. Santos will bring to Narrabri our experience in Queensland where we have reduced connected well costs by a massive 84 per cent since 2015. Keeping the cost of supply down is a very good way to keep gas prices down,” Mr Gallagher said.

“The Narrabri Gas Project could produce enough gas to supply up to half NSW’s needs.

“It’s also very important to us that the environment and water resources are protected, and NSW has very strong environmental regulation to ensure Narrabri can be developed safely and sustainably. The Narrabri Gas Project is currently being assessed by the NSW Department of Planning ahead of a decision by the Independent Planning Commission.

“We want the process to be comprehensive and robust so the community can be confident in the outcome. There is no place for politics in the independent planning process,” Mr Gallagher said.

Manufacturing customers like Perdaman recognise the importance of locating new plants close to new natural gas supply sources and are hopeful the Narrabri Gas Project will proceed to a final investment decision as soon as possible.

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Narrabri is ideally located for new manufacturing with nearby access to the new Inland Rail linking key east coast ports and the national highway system.

Perdaman Group's Founding Chairman and Managing Director, Mr Vikas Rambal, was pleased to enter the agreement with Santos.

"The cheapest gas for manufacturing projects like ours is always going to be available close to the supply source so you don't have to pay for long-distance transport and unnecessary processing," Mr Rambal said.

"We will bring new competition, which is always good for prices, to the fertiliser market in NSW and that will be good for farmers in the region."

"And new industries will help support small businesses, better infrastructure, better health and education services, and growth in the communities in and around Narrabri," Mr Rambal said.