

Beetaloo Cooperative Drilling Program – Committee Recommendations and Minister Decision

AusIndustry will conduct thorough cost checks of eligible activities and expenditure prior to executing grant agreements. Details regarding ineligible expenditure are in Further Information.

	Applicant	Project Description	Identified Ineligible Expenditure	Project State	Project Value	Grant Sought	Indicative Final Amount (inc. removal of ineligible expenditure)	Committee Supported	Minister Decision
1	Imperial Oil & Gas Pty Limited	Empire Beetaloo Acceleration Program - Carpentaria-2 Horizontal Well	<i>Horizontal drilling costs</i> <i>Fracture costs</i> <i>Existing fracking stages under EMP</i>	NT	\$29,256,325	\$7,314,081	<i>Final figure to be determined in contract negotiation once costings received *</i>	Yes	Yes/No
2	Imperial Oil & Gas Pty Limited	Empire Beetaloo Acceleration Program - Carpentaria-3 Horizontal Well	<i>Nil</i>	NT	\$27,969,489	\$6,992,372	\$6,992,372	Yes	Yes/No
3	Imperial Oil & Gas Pty Limited	Empire Beetaloo Acceleration Program - Carpentaria-4 and 3D Seismic	<i>Reduction in rig mobilisation costs</i> <i>3D seismic activity</i>	NT	\$35,369,489	\$7,500,000	\$6,562,372 **	Yes	Yes/No

* The committee recommended the removal of costs related to horizontal drilling and fracture as it does not meet eligibility requirements 5.1 of the program guidelines.

** The committee recommended the removal of costs related to 3D seismic activities and recommended reduction for Mobilisation (details below) as it does not meet the overall program objectives. This figure has been determined from initial costings provided by Imperial Oil & Gas Pty Limited however this figure will likely change during contract negotiations.

Further Information

The program assessment committee considered that all three applications had satisfied the assessment criteria of the program guidelines, were value for money and would achieve the program objectives and outcomes.

The assessment committee recommends these applications with certain conditions imposed on the value of eligible activities and expenditure. AusIndustry will conduct thorough cost checks of eligible activities and expenditure prior to executing grant agreements to ensure:

- reasonable mobilisation costs are claimed for Carpentaria 4 – account for cost efficiencies if all projects are approved – the committee recommends \$500,000 as more reasonable over \$3.2 million for these costs;
- reasonable project time factors and risk costs – avoiding double dipping caused by increasing projects days (due to risk) when a risk cost factor already exists;
- horizontal section drilling at the planned Carpentaria 2 drill site and the costs of an initial 12 stages of fracturing for that section are to be excluded from eligible project costs as they replace planned activities at the Carpentaria 1 drill site and cannot be considered additional activity. Rather than pursuing a 12 stage frack at Carpentaria 1, Imperial will now pursue a 25 stage frack at Carpentaria 2. The additional 13 frack stages at Carpentaria 2 are therefore considered to eligible under the guidelines; and
- 3D seismic tests proposed in Carpentaria 4 are excluded from projects costs – not deemed a necessary project element and the committee recommends to reduce the total project value by \$6,420,000, thereby reducing the 25 per cent cap that Imperial Oil & Gas Pty Ltd are eligible to claim.