

FINANCIAL REVIEW

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HD **Qenos eyes NT gas after Santos**

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Plastics maker Qenos has emerged as the latest manufacturer with an appetite for Northern Territory gas to supplement supplies secured from Santos that will guarantee the survival of its Botany plant for the next five years.

Chinese-controlled Qenos is about to start talks with a potential gas supplier from the NT, chief executive Jonathan Clancy said at Botany after signing a five-year extension on the ethane supply contract with Cooper Basin gas partners Santos and Origin **Energy**.

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"The volumes that this plant can take are beyond the contract that we are currently signing," Mr Clancy said. NT gas is "absolutely on our radar".

The Cooper Basin ethane supply deal, which extends a contract that ends on December 31, underpins a \$50 **million** investment required in 2015 for a maintenance turnaround at Qenos.

Without it, the plant faced closure, with the loss of more than 300 direct jobs and many more indirect jobs. Qenos is jointly owned by **China** National Chemical Corp and private **equity** group Blackstone.

The new contract has been secured at a "modest" price increase, according to Qenos, thought to be 10 to 20 per cent depending on the volumes received.

Negotiations on the contract renewal had been ongoing for over a year amid a widening crisis in gas supplies in NSW where the development of **coal** seam gas resources has almost stalled.

Complicating the talks were different levels of appetite among the Cooper Basin joint venture partners to do a deal, with the third venture partner Beach **Energy** opting out of the deal with Qenos.

Santos's vice president eastern Australia, James Baulderstone, said the extension to the Qenos contract showed his **company** was "committed to ongoing supply to the domestic **energy** needs of the east coast market".

"Natural gas provides around 45 per cent of the **energy** requirements of Australia's manufacturing sector, and this transaction with Qenos highlights that unless NSW can secure future gas supplies, businesses and jobs will be at risk," he said.

"This makes the debate real."Need for gas

Speaking in Botany at the signing, NSW **energy** minister Anthony Roberts said the government understood the critical need for gas in the state to preserve jobs and investment.

Qenos's plant in Port Botany is the country's sole producer of polyethylene, supplying hundreds of other manufacturers in packaging, agriculture and other sectors.

Qenos' interest in NT gas comes after fertiliser maker Incitec Pivot signed an initial accord earlier this week to buy NT gas from explorer Central Petroleum . The NT formally invited expressions of interest from pipeline developers to build the gas pipeline required to delivery NT gas south.

CO boral : Origin Energy Ltd | sinoch : China National Chemical Corp | sants : Santos Ltd

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