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30 August 2021

Mr John Hedge  
Partner  
Allens

By email: [john.hedge@allens.com.au](mailto:john.hedge@allens.com.au)

Dear John,

**Macquarie Mereenie & Ors application for authorisation – request for information**

We refer to the application for authorisation lodged by Central Petroleum Limited and Central Petroleum Mereenie Pty Ltd (as trustee for the Central Petroleum Unit Trust) and Macquarie Mereenie Pty Ltd (the **Applicants**).

As discussed, in order to assess the application (including in relation to interim authorisation) we are seeking clarification on a number of issues outlined below. These issues arise from our internal analysis and review of the application, and from submissions received in response to the application. These submissions have been excluded from the public register.

We understand that some of the answers may be confidential to individual applicants. You may wish to provide this information separately. Please clearly identify any information you seek to have excluded from the public register.

We request that you provide a response to the below by **10 September 2021**.

We also note that the indicative timeline for the assessment of this matter indicated a decision on the Applicants request for interim authorisation would issue in August 2021. The ACCC now expects to issue a decision regarding interim authorisation in September 2021 to enable consideration of the Applicants response(s) to this request for information. If you are able to provide the response to the information request sooner, this will enable the ACCC to progress this matter more quickly.

If you have any queries relating to this request, please contact me on (02) 6243 1266, or Robert Janissen on (02) 6243 1387.

This letter has been placed on the public register.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D. Hatfield". The signature is written in a cursive style with a blue highlight behind it.

David Hatfield  
Director  
Competition Exemptions

### **History of separate marketing**

1. For each of the past three financial years, please provide the following details of all executed gas sales contracts involving Mereenie gas that were marketed *separately* by any of the Applicants:
  - a) volume of gas contracted for
  - b) price of the gas
  - c) term of the contract
  - d) the final destination of the gas (e.g. East Coast, Mt Isa, Northern Territory, etc.)
  - e) the customer to which the gas was sold.
2. For each of the past three financial years, please provide the following details of all executed gas sales contracts involving Mereenie gas that were marketed *jointly* by the Applicants:
  - a) volume of gas contracted for
  - b) price of the gas
  - c) term of the contract
  - d) the final destination of the gas (e.g. East Coast, Mt Isa, Northern Territory, etc.)
  - e) the customer to which the gas was sold.

### **History of gas balancing**

3. Please provide the following details of all gas balancing agreements entered into by the parties concerning gas from the Mereenie field:
  - a) date the agreement was entered into;
  - b) parties to the agreement;
  - c) term of the agreement;
  - d) whether the agreement was made at a time when the parties were jointly or separately marketing Mereenie gas;
  - e) the extent of the gas lifting imbalance between the applicants when gas balancing agreements were first introduced and what the gas lifting imbalance now stands at
  - f) your view as to whether or not the agreement was successful in reducing any gas lifting imbalance involving Mereenie gas;
  - g) any difficulties encountered in negotiating and giving effect to the agreement.
4. On 25 May 2021 Central Petroleum Limited issued an ASX Announcement and Media Release stating:

*The Transaction [being the sale of part of Central Petroleum's interest in the Mereenie joint venture to New Zealand Oil and Gas Limited and Cue Energy Resources Limited] will result in Central retaining the existing gas overlift balance at Mereenie and extending Central's existing three-year gas sale agreement with Macquarie Mereenie Pty Ltd ("MM") (Central's current joint venture partner at Mereenie), which expires on 31 December 2022, through a 2.4 PJ gas purchase agreement to be effective on 1 January 2023.*

*Central's gas overlift balance at Mereenie will be gradually reduced to nil by mid-2026 at a rate consistent with the current arrangement of 2 TJ/d.<sup>1</sup>*

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<sup>1</sup> Central Petroleum, 'CENTRAL SALE UNDERWRITES SIGNIFICANT INVESTMENT IN THE AMADEUS BASIN', 25 May

- (a) Please further explain why the Applicants view successful gas balancing agreements to be contingent on joint marketing, in circumstances where the Applicants appear to be addressing the uplift imbalance through a gas purchase agreement.
  - (b) Please further explain why any gas balancing agreement(s) between the Applicants, supplemented by gas purchase agreements between them, are not sufficient to feasibly facilitate separate marketing (if the Applicants maintain that is the case).
5. Please explain how gas prices are set for gas purchase agreements between the Applicants.
6. Please state the Applicants' position on the feasibility of a 'life of field' gas balancing agreement. The ACCC notes that this was the subject of discussion in the Applicants' application for authorisation in 2017 and in submissions supporting that application.

### ***Necessity of joint marketing***

7. Please provide further details on why joint marketing of Mereenie gas is needed in order for the Amadeus to Moomba Gas Pipeline (AMGP) to proceed. Are there sufficient uncontracted gas reserves to underwrite the AMGP?
8. Please explain why the AMGP could not proceed with separate marketing of Mereenie gas.
9. Please provide details of any "cap" on the lifting of gas applicable to the Applicants, including:
- (a) the origins of this cap
  - (b) what gas supply limits the cap imposes on each of the Applicants and how those levels might change over time
  - (c) could alternative arrangements that do not rely on authorisation be used to allow the Applicants to access quantities of gas above the cap (e.g. gas purchase agreements between the Applicants). And, if so, would these constitute a viable alternative to joint marketing?
10. Please explain whether the Applicants, individually, have the capacity to develop gas:
- a) from proven reserves in the Mereenie field; and
  - b) any anticipated additional gas reserves.
- And, if the applicants cannot develop these resources individually, why joint marketing is needed to develop the resources?
11. Please explain each parties' ability to independently transport Mereenie gas.

### ***Dingo and Palm Valley gas***

12. Please describe what interaction there is between gas produced from the Palm Valley and Dingo gas fields and gas produced from the Mereenie gas field.
13. Separate responses are sought from Central Petroleum and Macquarie as to whether gas sourced from Palm Valley could feasibly be substituted for gas sourced from the Mereenie field, and whether this is likely to occur.
14. Please explain what measures, if any, will be in place to ensure that information shared between the Applicants for the purposes of the Mereenie gas field would not be used in the marketing of gas by either of the Applicants or their successors in the Dingo or Palm Valley gas fields.

### ***Marketing of Mereenie gas***

15. In what circumstances have the applicants separately marketed gas from the Mereenie field since the ACCC granted Authorisation for joint marketing in 2018 (as permitted by [Authorisation AA1000398](#))?