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Our ref: IM-70007
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1 March 2019

Dear Interested Party

Request for submissions: APLNG's proposed acquisition of Origin's Ironbark gas project

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Origin Energy ATP 788P Pty Ltd (**Ironbark**) by Australia Pacific LNG Pty Limited (**APLNG**) (the **proposed acquisition**).

Ironbark holds exploration tenements which form a proposed project for the development of gas reserves in an area north of the town of Tara, Queensland, in the Surat Basin. APLNG is a joint venture between Origin Energy Limited (**Origin Energy**), ConocoPhillips Australia Pacific LNG Pty Ltd (**ConocoPhillips**) and Sinopec Australia Pacific LNG Pty Limited (**Sinopec**) producing coal seam gas for supply to domestic customers and for use by its liquefied natural gas (**LNG**) facility. Further details regarding the acquisition can be found at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- any impact on domestic gas prices
- whether APLNG and any likely developer of Ironbark are likely to compete closely in future absent the acquisition
- any impact on the timing of development of gas reserves and resources
- whether LNG producers, such as APLNG, compete with other gas users for the acquisition of gas.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions

that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by no later than **5pm on 15 March 2019**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: APLNG/Ironbark gas project - attention Madeleine Houghton / Andrew Sudol*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Madeleine Houghton on (02) 9230 3816 or Andrew Sudol on (02) 9230 9119.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Tom Leuner
General Manager
Merger Investigations

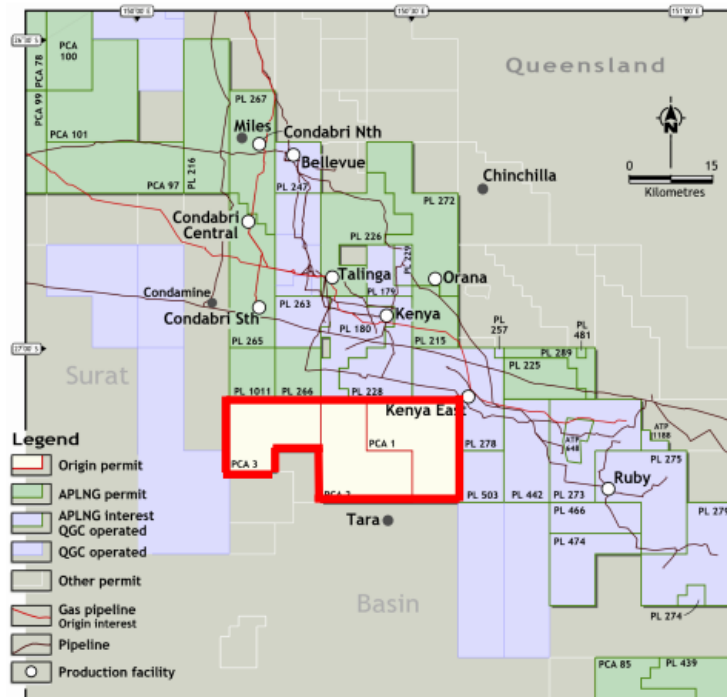
Attachment A

Ironbark gas project

Ironbark is a wholly Origin-owned proposed coal seam gas project located in the Surat Basin. It is in the exploration and appraisal stage. It is not currently producing nor is there gas processing infrastructure in place. Origin Energy estimates Ironbark has 129 PJ of 2P reserves and 192 PJ of 3P reserves. In August 2018, Origin announced it had entered Stage 1 Front End Engineering Design while also assessing alternate strategic options for the asset.

As part of the proposed acquisition and in its role as upstream operator for APLNG, Origin will be responsible for the development of Ironbark.

Figure 1: Ironbark location



Source: Origin Energy, *Presentation – 2017 Investor Day*, 28 November 2017.

APLNG

APLNG is a joint venture between Origin (37.5%), ConocoPhillips (37.5%) and Sinopec (25%). It has significant gas tenements in the Surat and Bowen basins and processes CSG into LNG for export from its facility near Gladstone, Queensland. It is also the largest supplier of gas to domestic customers. In 2018, it supplied close to 30 per cent of total east coast gas demand.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with, or competition with, either of APLNG or Origin/Ironbark.
3. Are APLNG and Origin/Ironbark likely to compete in future, absent the proposed acquisition?
4. What is the likely timing for development of Ironbark with and without the proposed acquisition?
5. Please discuss whether the proposed acquisition is likely to impact the timing of development of other APLNG tenements. Please explain why or why not.
6. Please discuss the ability of competing suppliers to acquire, explore and develop prospective gas tenements in Queensland.
7. Please discuss whether, and to what extent, the proposed acquisition is likely to impact domestic gas prices.
8. Please discuss how the development of Ironbark is likely to affect domestic gas prices with and without the proposed acquisition.
9. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.