

Tight gas gets a break from WA govt

Friday, 24 July 2009

WESTERN Australia Mines and Petroleum Minister Norman Moore says the state government is aiming to halve royalty rates for gas taken from tight gas fields to 5%.

"The tight gas industry is in its very early stages and the state government needs to remove hurdles and encourage investment in this area whenever it can," Moore said in a statement.

"Whereas an offshore petroleum producer may drill 10 to 20 wells, a tight gas producer needs to drill 200 to 300 wells to maintain production levels."

He added that tight gas fields in the Perth Basin could hold up to 12 trillion cubic feet of gas per day – enough to supply the state's domestic needs for 30 years – giving it the potential to become an alternative energy source for WA.



"Many of these tight gas fields are also located near industry that is heavily gas reliant."

Moore also noted that tight gas had been used for decades in North America and now accounted for about 35% of the United States gas market.

He said the royalty relief could be applied immediately for small to medium-sized fields and portions of larger fields, at the discretion of the Minister for Mines and Petroleum.

Moore added that while legislative amendments were required for the total area of larger fields, he was confident the necessary changes would be implemented.

Latent Petroleum managing director Stephen Keenihan told the *West Australian* a cut in royalties would help the commercial viability of its Warro field.

The company is working on ways to isolate water production from its Warro-3 well, which has had encouraging gas flows.

Latent already has approval to build a line to connect to the Dampier to Bunbury pipeline, 35 kilometres away, and is seeking environmental approval for limited clearing of vegetation for its drilling program.

[Click here to read the rest of today's news stories.](#)