



Norman Moore
Minister for Mines and Petroleum; Fisheries; Electoral Affairs

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Easing of royalties rates on tight gas foreshadows boost to domestic supply

Portfolio: Mines and Petroleum

The State Government has announced it will reduce the royalties rate for tight gas, a decision which has the potential to significantly boost Western Australia's gas supply.

The royalties rate, which applies to the value of the gas at the wellhead, will be reduced from 10 per cent to five per cent for tight gas.

Mines and Petroleum Minister Norman Moore said the State Government had recognised the tight gas industry had different start up and operational costs to other petroleum producers.

"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," Mr Moore said.

"Where 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."

The Minister said that tight gas, which was found in low permeable rocks and required special equipment for extraction, had enormous potential to become an alternative energy source for WA.

"North America has used tight gas for decades and unconventional gas, which includes tight gas, is increasingly becoming part of the United States energy supply," he said.

"Tight gas supplies something like 35 per cent of the US gas market."

Mr Moore said that although WA's tight gas sector was still in its infancy, there were significant possibilities for the industry.

"The Perth Basin could hold between nine and 12 trillion cubic feet of tight gas," he said.

"That is enough gas to supply WA's domestic needs for up to 30 years.

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

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

The Minister said legislative amendments were required for the total area of larger fields and he was confident the necessary changes would be implemented.

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