MinterEllison

22 December 2022

BY EMAIL ONLY

exemptions@accc.gov.au

Exemptions Branch
Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra ACT 3000

Copy to: darrell.channing@accc.gov.au

Dear Sir / Madam

Application for authorisation – Vintage Energy Ltd, Metgasco Ltd and Bridgeport (Cooper Basin) Pty Ltd

We act for Vintage Energy Ltd (**Vintage**) in relation to its application to the Australian Competition and Consumer Commission (**ACCC**) for interim and final authorisation under section 88(1) of the Competition and Consumer Act 2010 (Cth) (**CCA**) (**Authorisation Application**).

Vintage seeks authorisation on behalf of itself, Metgasco Ltd and Bridgeport (Cooper Basin) Pty Ltd (**Applicants**), to engage in the proposed conduct described in the Authorisation Application.

We **attach** Public and Confidential versions of the Authorisation Application.

1. Confidential information

1.1 The Authorisation Application contains information that is confidential to the Applicants and the Applicants consider that disclosure of this information would have an unreasonable and detrimental effect on the Applicants in respect of their commercial and financial affairs.

1.2 In particular, the Applicants claim confidentiality over its capital investment forecast and production commencement time, estimates and forecast as it considers that disclosure of this information would place the Applicants at a disadvantage with competitors and unreasonably prejudice the Applicants' pricing and contract negotiations with customers as they would know the Applicants' anticipated future capital investment, as well as when the Applicants will commence producing gas, how much gas the Applicants are estimated to be producing for the life of the field and what the plateau rate will be. In addition, this information has not been released to the wider market, as is normal at this stage of development of any gas field, by any of the companies the subject of this application.

1.3 In considering what information they consider to be confidential, the Applicants have endeavoured to make available as much information as possible on the public register. We understand that the ACCC routinely redacts personal contact information and signatures from the Authorisation Application before publishing it on the public register.

1.4 The confidential information has been highlighted in the Confidential version of the Authorisation Application in red highlighting.

1.5 The Applicants request that the ACCC treat the information highlighted as strictly confidential and that the information is redacted from the version the ACCC will place on its public register (as is shown in the Public version of the attached Application Authorisation).

MinterEllison offices will be closed for 2 weeks from Friday 23rd December 2022 and will reopen on Monday 9th January 2023. If any urgent information or response is required during this period, please contact Lisa Jarrett on [redacted]

Yours faithfully
MinterEllison

[redacted]

Lisa Jarrett
Partner

Contact: Lisa Jarrett T: [redacted]
[redacted]
OUR REF: 1307676 | LNJ

Application Form: Non-merger authorisation

Parties to the proposed conduct

1. Provide details of the applicants for authorisation, including:

1.1 Name, registered office, telephone number and ACN

Vintage Energy Ltd
ACN 609 200 580
58 King William Road, Goodwood SA 5034
(08) 7477 7687
(**Vintage**)

This Application is to be read and determined together with the submission supporting the Application (the **Submission**), which is lodged with this form.

1.2 Contact person's name, position, telephone number and email address

Lisa Jarrett
Partner, MinterEllison (solicitors for Vintage)
[redacted]

1.3 A description of business activities

Vintage is an ASX listed oil and gas exploration and production company in Australia. Vintage is operator of:

(a) Petroleum Retention Licence 211 (PRL 211) in the South Australian Cooper Basin which is owned by the PRL 211 Joint Venture parties (Vintage 50%, Metgasco 25%, Bridgeport 25%) (PRL 211 Joint Venture); and

(b) Authority to Prospect 2021 (ATP 2021) in the Queensland Cooper/Eromanga Basin which is owned by the ATP 2021 Joint Venture parties (Vintage 50%, Metgasco 25%, Bridgeport 25%) (ATP 2021 Joint Venture).

1.4 Email address for service of documents in Australia

[redacted]

2. Details of the other persons who also propose to engage, or become engaged, in the proposed conduct and on whose behalf authorisation is sought

2.1 Name, registered office, telephone number and ACN

Metgasco Ltd
ACN 088 196 383
Level 2, 30 Richardson Street, West Perth, WA 6005
(08) 6245 0060
(**Metgasco**)

Bridgeport (Cooper Basin) Pty Ltd
ACN 163 123 304
Level 7, 111 Pacific Highway, North Sydney, NSW 2060
(02) 8960 8400
(**Bridgeport**)

2.2 Contact person's name, telephone number and email address

Metgasco

Lisa Jarrett
Partner, MinterEllison (solicitors for Vintage)
[redacted]

Bridgeport

Lisa Jarrett
Partner, MinterEllison (solicitors for Vintage)

[redacted]

2.3 A description of business activities

Metgasco is an ASX listed oil and gas exploration and production company in Australia. Metgasco is a party to the PRL 211 Joint Venture and the ATP 2021 Joint Venture and is one of the proposed suppliers of the natural gas to be jointly marketed.

Bridgeport is an oil and gas exploration and production company in Australia and is a wholly owned subsidiary of ASX listed New Hope Corporation Limited. Bridgeport is a party to the PRL 211 Joint Venture and the ATP 2021 Joint Venture and is one of the proposed suppliers of the natural gas to be jointly marketed.

The proposed conduct

3. Provide details of the proposed conduct, including:

3.1 A description of the proposed conduct and any documents that detail the terms of the proposed conduct.

The Applicants are seeking authorisation to jointly market and give effect to provisions of gas supply agreements (**GSAs**) with customers with common terms and conditions, relating to the supply of gas from the Odin gas field (**Odin Field**) that straddles PRL 211 and ATP 2021 (which is owned by the Applicants in accordance with the PRL 211 Joint Venture and the ATP 2021 Joint Venture) (**Proposed Conduct**).

The Applicants confirm that:

(a) the GSAs will include pricing terms, being a common price as between the Applicants, however, the price will (or may) vary between customers; and

(b) they are seeking authorisation for all gas produced from the Odin Field.

The Applicants are in the process of entering into a preliminary agreement in relation to the proposed joint marketing and sale of gas produced from the Odin Field. This agreement is expressed as conditional upon ACCC authorisation and will be replaced by a formal joint venture agreement in due course.

The Applicants also operate the Vali gas field which is within the permit area of ATP2021 (**Vali Field**). The Proposed Conduct is intended to occur in parallel to the Applicants' existing joint marketing and supply of gas from the Vali Field, which is authorised under Authorisation AA1000538 (**Existing Authorisation**).

See Section 4 of the Submission.

3.2 The relevant provisions of the *Competition and Consumer Act 2010* (Cth) (CCA) which might apply to the proposed conduct:

The relevant provisions of the CCA which may apply to the Proposed Conduct include:

(a) making and or giving effect to a contract, arrangement or understanding that may include a cartel provision (Division 1 of Part IV);

(b) making and or giving effect to a contract, arrangement or understanding that has the purpose or would have the effect, or likely effect, of substantially lessening competition (section 45(1)(a) and (b)); and/or

(c) engaging with one or more persons in a concerted practice that has the purpose, or has or is likely to have the effect, of substantially lessening competition (section 45(1)(c)).

While the joint marketing and supply arrangements may technically be possible without authorisation (and within the joint venture exception under section 45AO and 45AP of the CCA), authorisation is sought so that the parties have certainty as to their legal position.

3.3 The rationale for the proposed conduct

See Section 5 of the Submission.

3.4 <u>The term of authorisation sought and reasons for seeking this period. By default, the ACCC will assume you are seeking authorisation for five years. If a different period is being sought, please specify and explain why.</u>

The Applicants seek authorisation for the Proposed Conduct for a period of 5 years from the date of the ACCC's final decision to grant authorisation to give effect to agreements entered into during the period of authorisation which may have gas supply terms up to and including 2043 (i.e. gas supply term of up to 15 years).

4. Provide documents submitted to the applicant's board or prepared by or for the applicant's senior management for purposes of assessing or making a decision in relation to the proposed conduct and any minutes or record of the decision made.[1]

See Section 3 of the Submission.

5. Provide the names of persons, or classes of persons, who may be directly impacted by the proposed conduct (e.g. targets of a proposed collective bargaining arrangement; suppliers or acquirers of the relevant products or services) and detail how or why they might be impacted.

See Section 6 of the Submission.

Market information and concentration

6. Describe the products and/or services, and the geographic areas, supplied by the applicants. Identify all products and services in which two or more parties to the proposed conduct overlap (compete with each other) or have a vertical relationship (e.g. supplier-customer).

The GSAs described above under Section 3.1 would relate to the supply of natural gas by the Applicants from the Odin Field located in the Cooper/Eromanga Basin, to customers in the east Australia gas market. See Section 9 of the Submission for an overview of the market.

7. Describe the relevant industry or industries. Where relevant, describe the sales process, the supply chains of any products or services involved, and the manufacturing process.

See Section 9 of the Submission for an overview of the market.

8. In respect of the overlapping products and/or services identified, provide estimated market shares for each of the parties where readily available.

Vintage, Metgasco and Bridgeport do not currently produce or sell natural gas in Australia. While they are all new entrants to the Australian gas production industry, first gas from the Vali Field, located wholly within ATP 2021 is due to commence in early 2023.

Please refer to Authorisation AA1000538 in relation to the ACCC's grant of authorisation for the Applicants to jointly market natural gas from the Vali Field, located in ATP 2021.

9. In assessing an application for authorisation, the ACCC takes into account competition faced by the parties to the proposed conduct. Describe the factors that would limit or prevent any ability for the parties involved to raise prices, reduce quality or choice, reduce innovation, or coordinate rather than compete vigorously. For example, describe:

9.1 <u>Existing competitors</u>

Vintage, Metgasco and Bridgeport are new entrants into the gas production industry in Australia.

There are numerous competing sources of supply in the east Australia gas market, including all the incumbent producers in the east Australia gas market and gas resources owned by companies associated with LNG facilities.

9.2 <u>Likely entry by new competitors</u>

Vintage, Metgasco and Bridgeport are new entrants into the gas production industry in Australia. They cannot speak to the plans of future competitors.

9.3 <u>Any countervailing power of customers and/or suppliers</u>

[1] Applicants are encouraged to consult with the ACCC prior to lodgement to discuss the scope and range of documents needed in the context of the proposed conduct for which authorisation is sought.

The Applicants are not in a position to set the gas price or impose less favourable terms on customers, both due to being new market participants and due to their low market share. Potential customers will have substantial countervailing power, and there is a credible threat that customers can bypass the Applicants by producing gas themselves (in some cases) or using an alternative supplier as:

(a) customers will have multiple sources of supply to compare any offer from the Applicants given the numerous larger competing rival sources of supply in the market (see Section 9.1 above);

(b) if negotiations were to break-down between the Applicants and a customer, the customer will have other options in which to buy its gas from given the other well-established gas producers with substantial market share that it would have likely used to previously supply its gas; and

(c) the Applicants' competitors will still account for almost all of the annual gas supply in the east Australia gas market (see Section 11(a) of the Submission).

9.4 <u>Any other relevant factors</u>

See Section 11 of the Submission for the Applicants' assessment in relation to the competitive effects of the Proposed Conduct.

Public benefit

10. Describe the benefits to the public that are likely to result from the proposed conduct. Provide information, data, documents or other evidence relevant to the ACCC's assessment of the public benefits.

See Section 10 of the Submission.

Public detriment (including likely competitive effects)

11. Describe any detriments to the public likely to result from the proposed conduct, including those likely to result from any lessening of competition. Provide information, data, documents, or other evidence relevant to the ACCC's assessment of the detriments.

The Applicants submit that there will be no public detriment resulting from the Proposed Conduct. In particular, as set out in Section 11 of the Submission, there is no effect of substantial lessening of competition in the supply of natural gas given the size and nature of the Applicants and the quantity of gas to be jointly marketed from the Odin Field (or from the Odin Field in addition to the Vali Field).

Contact details of relevant market participants

12. Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties such as actual or potential competitors, key customers and suppliers, trade or industry associations and regulators.

See Annexure B of the Submission.

Additional information

13. Provide any other information or documents you consider relevant to the ACCC's assessment of the application.

Please see Submission.

Declaration by applicant

The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertake(s) to advise the ACCC immediately of any material change in circumstances relating to the application.

The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the *Criminal Code* (Cth).

Signature of authorised person

Partner, MinterEllison, solicitor for Vintage Energy Ltd

____

Office held

Lisa Nicole Jarrett

____

(Print) Name of authorised person

This 22nd day of December 2022

MinterEllison

22 December 2022

Submission in support of application for interim and final authorisation under section 88(1) of the *Competition and Consumer Act 2010* (Cth)

Lodged by: Vintage Energy Ltd on behalf of itself, Metgasco Ltd and Bridgeport (Cooper Basin) Pty Ltd

Contents

1. Executive Summary

This submission supports the application made to the Australian Competition and Consumer Commission (**ACCC**) under section 88(1) of the *Competition and Consumer Act 2010* (Cth) (**CCA**) for authorisation to make and give effect to provisions of a contract, arrangement or understanding which may be a cartel provision within the meaning of Division 1 of Part IV of the CCA, or may result in a substantial lessening of competition in a market (the **Application**).

The Application is made on behalf of the following parties (the **Applicants**):

(a) Vintage Energy Ltd (**Vintage**);

(b) Metgasco Ltd (**Metgasco**); and

(c) Bridgeport (Cooper Basin) Pty Ltd (**Bridgeport**).

The Applicants are participants in the:

(a) Petroleum Retention Licence 211 (PRL 211) joint venture which is currently the subject of the PRL 211 Joint Operating Agreement dated 28 April 2020 (PRL 211 JOA) (PRL 211 Joint Venture) and are the holders of PRL 211 in the South Australian Cooper/Eromanga Basin; and

(b) Authority to Prospect 2021 (ATP 2021) joint venture, which is currently the subject of the ATP 2021 Joint Operating Agreement dated 2 July 2019 (ATP 2021 JOA) (ATP 2021 Joint Venture) and are the holders of ATP 2021 in the Queensland Cooper/Eromanga Basin.

The Applicant's respective interests in each of the PRL 211 Joint Venture and the ATP 2021 Joint Venture are:

(a) Vintage – 50%;

(b) Metgasco – 25%; and

(c) Bridgeport – 25%.

Vintage is the operator of both the PRL 211 Joint Venture and the ATP 2021 Joint Venture.

The Applicants seek authorisation to jointly market and give effect to provisions of gas supply agreements (**GSAs**) with customers with common terms and conditions (including price) relating to the supply of gas from the Odin gas field (Odin Field) that straddles both PRL 211 and ATP 2021 (in the Cooper/Eromanga Basin (**Proposed Conduct**). The Proposed Conduct is intended to be undertaken in addition to the Applicants' authorised joint marketing and supply of gas from the Vali Field, which is the subject of Authorisation AA1000538 (**Existing Authorisation**).

The Proposed Conduct will result in public benefits by:

(a) expediting gas supply to customers in the east Australia gas market;

(b) increasing gas supply from the Odin Field given the Applicants' aligned intentions for development;

(c) enabling greater competition with existing gas "majors" which would contribute to downward pressure on pricing;

(d) aggregating gas volumes, which will allow the supply of gas from the Odin Field to major commercial and industrial customers in the east Australia gas market that the Applicants could not supply individually; and

(e) achieving cost savings and efficiencies for prospective customers and for relevant pipeline transmission operators as they would not have to negotiate and manage separate contracts with each Applicant.

These same public benefits were identified under the Existing Authorisation. The Applicants submit that these public benefits will be the same, if not greater, if the Proposed Conduct is authorised for the Odin Field. Authorisation of the Proposed Conduct will enable the Applicants to achieve a stable supply of gas to consumers sooner, than if their conduct was limited to the Vali Field.

The Proposed Conduct will not have an effect of substantially lessening competition nor give rise to any other public detriment given the Applicants are all new entrants in the market and the small quantity of gas to be jointly marketed from the Odin Field (itself and together with Vali Field).

The Applicants seek authorisation for the Proposed Conduct for a period of 5 years from the date of the ACCC's final decision to grant authorisation to give effect to agreements entered into during the period of authorisation which may have gas supply terms up to and including 2043 (i.e. gas supply term of up to 15 years). Further reasons for why these time periods are sought are provided in Section 7 below.

2. The Applicants

2.1 Vintage

Vintage is an ASX listed oil and gas exploration and production company in Australia with a focus on oil potential in prominent onshore basins, and a view to produce gas to supply the eastern Australian energy market.

Vintage holds the following interests in oil and gas assets:

(a) operator and 50% holder of ATP 2021;

(b) operator and 50% holder of Petroleum Retention Licence (**PRL**) 211 in the Cooper/Eromanga Basin (SA);

(c) successful in bidding for petroleum exploration licence application 679 (SA);

(d) holds 30% of the Galilee Basin Deeps Joint Venture in the Galilee Bain (QLD);

(e) 50% holder of PRL 249 in the Otway Basin (SA);

(f) 25% holder and operator of Petroleum Exploration Permit (**PEP**) 171 in the Otway Basin (VIC);

(g) sole holder of Exploration Permit 126 in the Bonaparte Basin (NT); and

(h) 100% holder of Gas Storage Exploration Licence 672 in the Otway Basin (SA).

As at the date of this application, Vintage does not currently produce, and has not previously produced, or sold natural gas. First gas from the Vali Field located in ATP 2021 is due to commence in early 2023, delayed from December 2022 as advised in the ASX Release by Vintage on 18 November 2022 (see Annexure D to this Submission).

2.2 Metgasco

Metgasco is an ASX listed oil and gas exploration and production company in Australia.

Metgasco holds the following interests in oil and gas assets:

(a) 25% holder of ATP 2021;

(b) 25% holder of PRL 211 in the Cooper/Eromanga Basin (SA); and

(c) 20% holder of PRL 237 in the Cooper/Eromanga Basin (SA).

As at the date of this application, Metgasco does not currently produce, and has not in the last several years produced, or sold natural gas. First gas from the Vali Field located in ATP 2021 is due to commence in early 2023.

2.3 Bridgeport

Bridgeport is an oil and gas exploration and production company in Australia and is a wholly owned subsidiary of New Hope Corporation Limited.

Bridgeport Energy Pty Limited (ACN 137 446 952), through its 100% owned subsidiaries (including Bridgeport), holds interests in the following 15 exploration tenements across the Cooper/Eromanga, Otway and Surat sedimentary basins which could potentially hold gas resources on the order of 500 Bcf to 1 Tcf in aggregate:

(a) PL1(2) – Cabawin (QLD);

(b) ATP 2021 – Vintage operated (QLD);

(c) ATP 2022 (QLD)

(d) ATP 2023 (QLD);

(e) ATP 2024 (QLD);

(f) ATP 2036 (QLD);

(g) Jundah Project Area, grouped assets (ATPs 736, 737, 738, 2025 & 2026) – Origin Energy operated (QLD);

(h) PEL 641 (SA)

(i) PRL 211 – Vintage operated (SA);

(j) PEP 150 (VIC);

(k) PEP 151 (VIC); and

(l) Vic/P007191(V) (VIC).

Outside of Bridgeport Energy Limited, New Hope Group does not hold any gas assets, other than mine gas associated with coal deposits.

As at the date of this application, neither Bridgeport nor other entities within the New Hope Group currently produce nor have in the last several years produced or sold natural gas. First gas from the Vali Field located in ATP 2021 is due to commence in early 2023.

3. Background

3.1 Vali Field – existing authorisation

On 10 December 2020, the Applicants lodged an application for authorisation (AA1000538) to engage in joint marketing and supply of gas produced from the Vali Field, which is located in ATP 2021.

On 13 May 2021, the ACCC granted authorisation to the Applicants to:

(a) jointly market natural gas from the Vali Field, being a new gas field, for a period of five years until 4 June 2026; and

(b) within this five-year period, make and give effect to GSAs with customers for the supply of gas from the Vali Field that contain common terms and conditions (including price). The GSAs are permitted to have a maximum gas supply term of 15 years; and

(c) give effect to any such GSAs entered into within the five-year period until 4 June 2041,

the **Vali Field Conduct**.

In granting authorising, the ACCC determined that the Vali Field Conduct was:

(d) *likely to result in some public benefit* by:

  (i) enabling earlier development of the Vali Field to bring a new source of gas to customers sooner than otherwise; and

  (ii) reduced transaction costs and/or increased operating efficiencies for major customers, gas processing operators and gas transmission operators; and

(e) *unlikely to result in public detriment* but enabling the Applicants to supply at higher prices or on less flexible terms than would otherwise be on offer, because;

  (i) the Vali Field Conduct would not materially enhance the Applicants' ability to supply gas on less favourable terms because the annual quantity of gas estimated to be jointly marketed from the Vali Field represents a very small proportion of total annual east coast market gas demand; and

  (ii) the Applicants are likely to face significant competition from actual and potential rival suppliers of natural gas to commercial and industrial customers in South Australia, Queensland and New South Wales.

The Vali Field is a neighbouring gas formation to the Odin Field, with the Vali Field being wholly contained in ATP 2021 and the Odin Field straddling PRL 211 and ATP 2021.

In 2022, the Applicants sought the views of the ACCC, as to whether a minor variation could be made to the Existing Authorisation, to cover both the Vali Field (as originally intended) and the Odin Field (as now sought). The ACCC's view was that this would go beyond the scope of a minor variation, and therefore the Applicants now seek a separate authorisation for the Proposed Conduct.

3.2 Odin Field Overview

The Applicants are participants in the PRL 211 and ATP 2021 Joint Ventures, which are currently the subject of the PRL 211 JOA and the ATP 2021 JOA respectively, and are the holders of the PRL 211 licence and exploration permit ATP 2021.

The Applicant's respective interests in the PRL 211 Joint Venture and the ATP 2021 Joint Venture and respective permits are:

(a) Vintage Energy Ltd – 50% and operator;

(b) Metgasco Ltd – 25%; and

(c) Bridgeport (Cooper Basin) Pty Ltd – 25%.

PRL 211:

Before 2020, PRL 211 was 100% owned by Stuart Petroleum, a subsidiary of Senex Energy Limited (**Senex**). In February 2020 the ATP 2021 Joint Venture participants negotiated a farm in agreement whereby Senex would be carried through the drilling of a first well. Vintage become Operator of the PRL 211 Joint Venture with the participating interests as follows: Vintage 42.5%, Metgasco 21.25%, Bridgeport 21.25% and Senex 15%. In March 2021, through the acquisition of Senex's South Australian Cooper Basin assets, Beach Energy Limited (**Beach**) attained ownership of Senex's 15% interest. In March 2022 Beach sold this interest to the remaining PRL 211 Joint Venture participants in proportion to their existing holding with the result of the transaction being the current equity interests: Vintage 50% and Operator; Metgasco 25% and Bridgeport 25%.

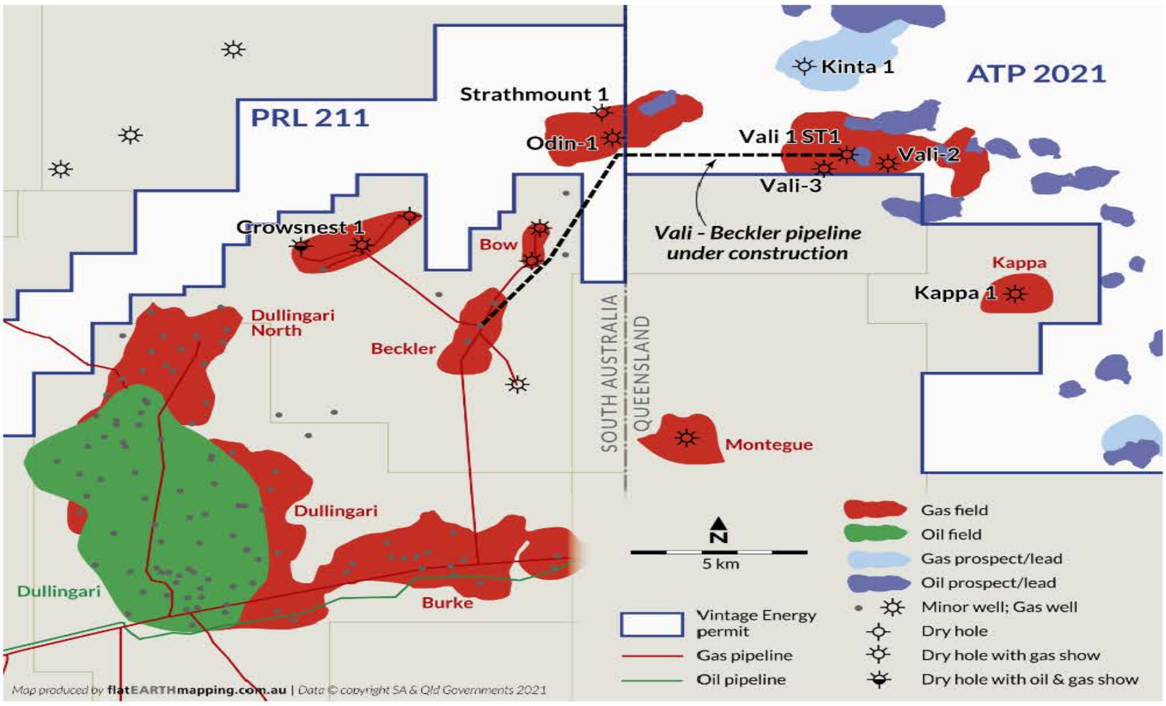
PRL 211 is a 98.49 km^2 retention licence which lies in the South Australian Cooper Basin, with the licence's eastern boundary adjacent to the ATP 2021 western boundary, as shown on the map below.

ATP2021:

Before 2019, ATP 2021 was 100% owned by Metgasco. The ATP 2021 Joint venture was established between Vintage, Metgasco and Bridgeport in 2019, when Vintage and Bridgeport acquired their 50% and 25% interests respectively from Metgasco. ATP 2021 is a 370km^2 exploration permit located in the Cooper/Eromanga Basins in Queensland, as shown on the map below.

The Cooper/Eromanga Basins are the premier onshore oil and gas producing basins in Australia, and are connected to the east Australia gas market via gas pipelines. As evident on the map below, within 20 kilometres of the permit boundary are numerous oil and gas fields, with associated pipelines and facilities.

Odin Field:



On 26 May 2021 the PRL 211 Joint Venture announced the discovery of gas following the drilling of the Odin-1 gas well. Further drilling is required to confirm the extent of the Odin Field, which is mapped to straddle the South Australian, Queensland border and lie in both PRL 211 and ATP 2021.

Further investment in the Odin Field is required to explore, appraise and develop its gas potential (both in terms of drilling and infrastructure). The PRL 211 Joint Venture are progressing discussions on long-term appraisal and development plans which, given the extensive infrastructure already present in the Cooper/Eromanga Basins, could progress as either a stand-alone facility or a combined project with the Vali Field located 5km east in ATP 2021.

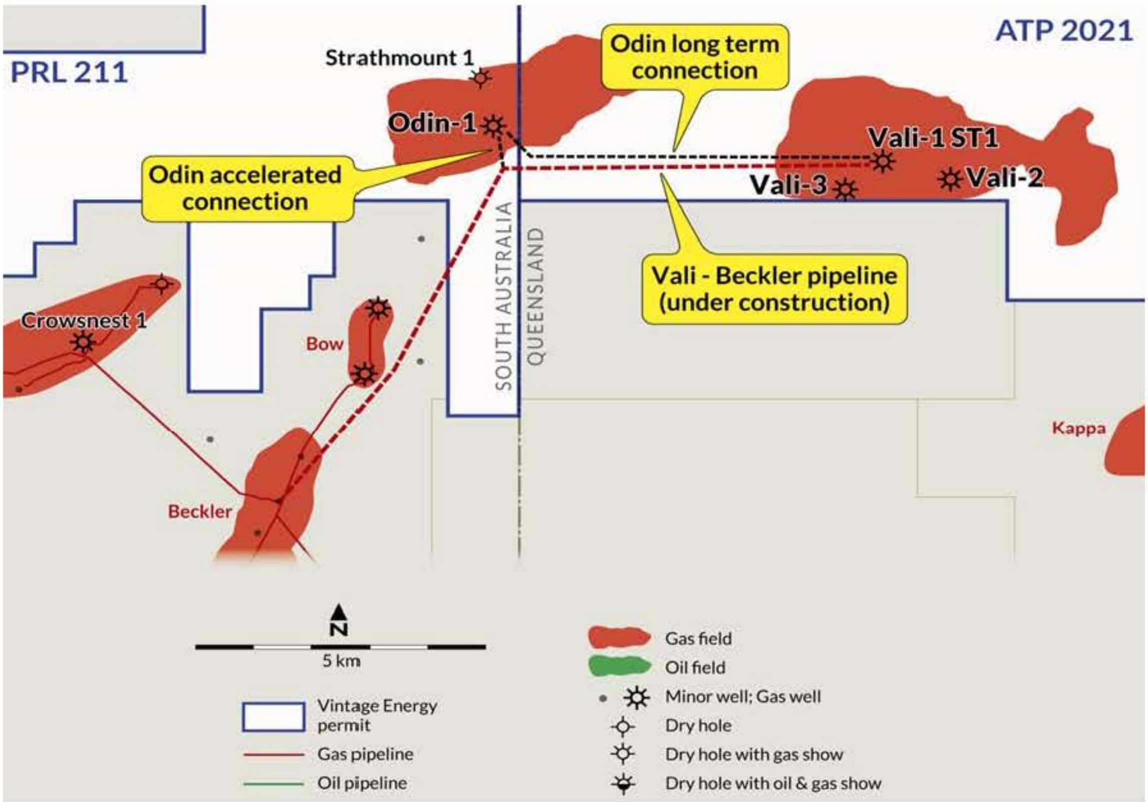
In light of recent gas market conditions, buyer interest in the availability of gas from the Odin Field has encouraged acceleration of production and sales from the field in advance of further drilling.

Given the proximity of the Odin Field to the Vali Field, which is owned by the Applicants as participants in the ATP 2021 Joint Venture, the PRL 211 Joint Venture has resolved to progress with an interim accelerated connection project to enable sales from the Odin Field as early as Q3 2023.

The Odin accelerated connection will use temporary rental equipment and the installation of a 1.4 kilometre Fiberspar connection from the well-site to the mid-line riser of the pipeline currently being installed to transport gas from the Vali Field to the Moomba gas gathering network at Beckler.

The Odin long term connection will enable metering and dewatering of the Odin gas stream at the Vali facilities prior to transportation to Beckler and require installation of a 6.3 kilometre Fibrespar pipeline from the mid-line riser to the Vali facilities.

The following diagram highlights the connections.



The Applicants already have commercial agreements in place with the Cooper Basin Joint Venture for the transport and processing of Vali gas into the Moomba gas gathering system and those agreements accommodate the Odin Field within the commercial terms.

Subject to ACCC approval for the Applicants to jointly market, numerous parties have expressed interest in the purchase of gas from the Odin Field.

Production flows from the Odin well and further appraisal drilling will inform a full field development plan over the life of the Odin Field. Joint marketing by the Applicants will facilitate and expedite an investment decision to commit to future capital investment.

On the basis of Contingent Resources, it is anticipated that full development of the field will yield a plateau rate of [redacted]. Annexure B to this Submission sets out the resources quantities[2] for the Odin Field.

3.3 The East Australian Gas Market

The Applicants refer to the ACCC's ongoing 2017-2025 inquiry into the supply and demand for natural gas in Australia (**Gas Inquiry**) and in particular the east Australian gas market.

In March this year, the Australian Energy Market Operator (**AEMO**) released its 2022 Gas Statement of Opportunities (**GSOO**) report for eastern and south-eastern Australia, warning about the risk of gas shortages in winter 2023. The GSOO stated that gas supply adequacy forecasts are highly uncertain, particularly between 2023 and 2026, highlighting a tight supply demand balance in the south east.[3] The GSOO further identified a projected shortfall of gas supply on peak winter days in the southern states from 2023, unless new sources of supply emerge.[4]

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[2] The Applicants do not yet have a reserves number as independent certification has not been completed. The Applicants anticipate receiving the reserves number in the near future, and this will be released to the market once obtained.

[3] AEMO, Gas Statement of Opportunities, March 2022, 4.

[4] AEMO, Gas Statement of Opportunities, March 2022, 9.

In a similar vein, key findings of the ACCC's July 2022 Gas Inquiry 2017-2025 Interim Report (**Interim Report**) which was released on 1 August 2022 include that[5]:

(a) in a substantial deterioration in conditions, the east coast gas market is facing a shortfall in supply in 2023 and is a significant risk to energy security;

(b) the projected shortfall for 2023 could place further upward pressure on prices;

(c) the southern states are expected to experience a shortfall in 2023 due to declining production in the south and a projected increase in demand from power generators;

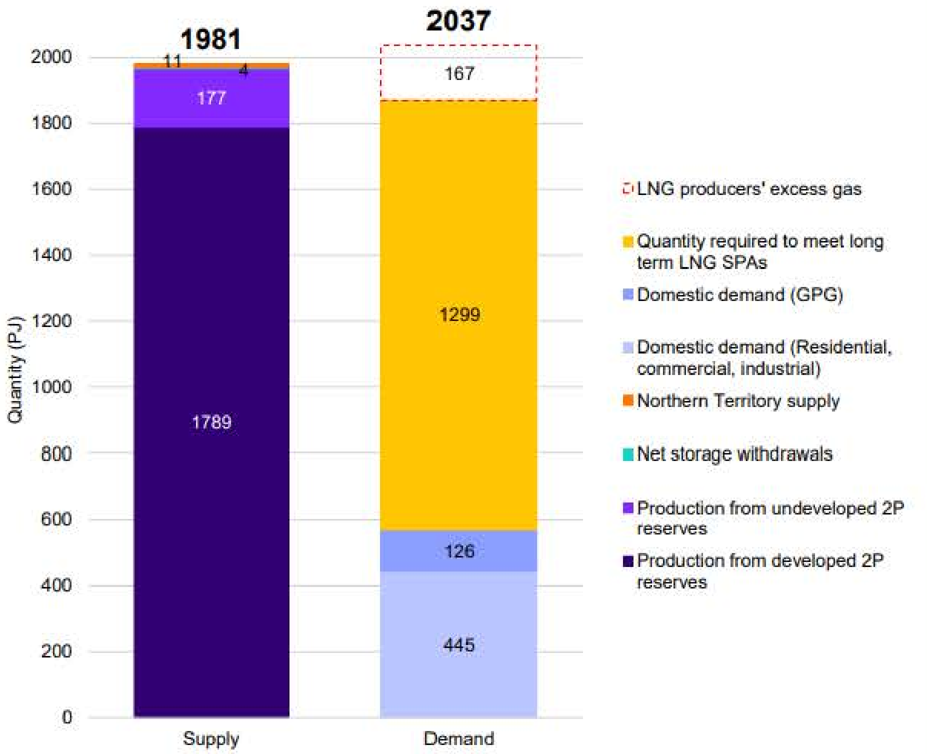
(d) it is highly likely that without additional supply from new non-LNG controlled sources that LNG exporters would need to divert a significant portion of their excess gas into the domestic market;

(e) domestic gas users are receiving offers at higher prices with less flexibility than previously, which raises questions about the degree of competition that currently exists in the supply of gas in east Australia gas market, at both the producer and retailer levels; and

(f) measures are required to improve competition through greater diversity and encourage timely supply in the east coast market.

The forecast supply-demand balance issue in 2023 is demonstrated by the following charts from the Interim Report[6], showing the critical need for prompt production of gas resources in 2023, in particular for the southern states.

Chart 1.1: Forecast east coast supply-demand balance in 2023

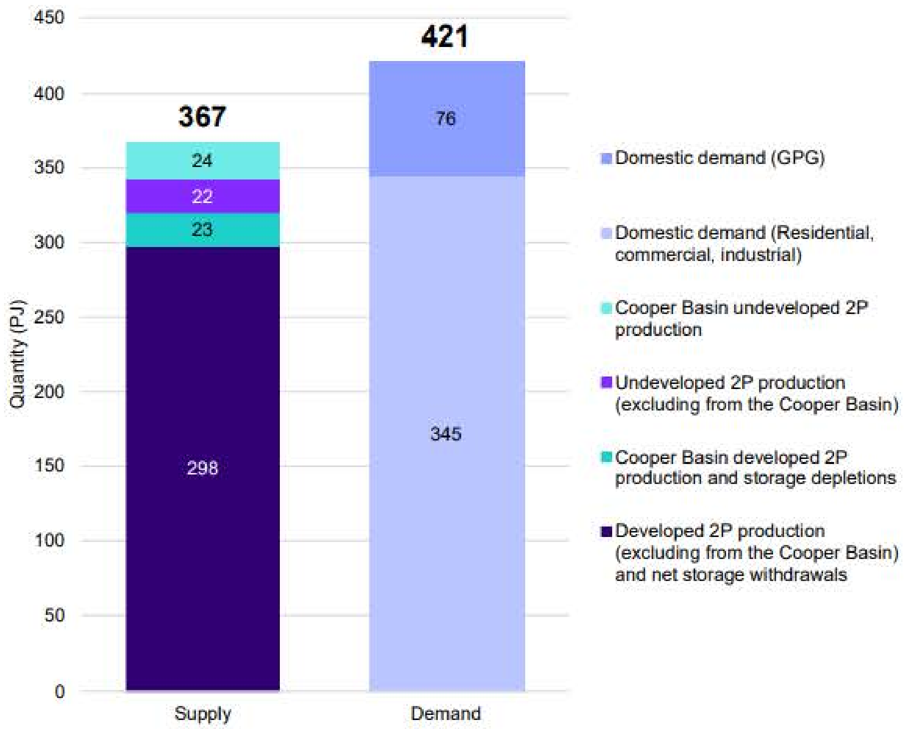


Source: ACCC analysis of data obtained from gas producers as at May 2022 and the domestic demand forecast (Progressive Change scenario) from AEMO's March 2022 GSOO.

Note: Totals may not add up due to rounding.

[5] ACCC, Gas Inquiry 2017-2025 Interim Report, July 2022, 8-11, 14, 17 and 93.
[6] ACCC, Gas Inquiry 2017-2025 Interim Report, July 2022, 20 and 27.

Chart 1.4: Forecast supply-demand balance in the southern states in 2023



Source: ACCC analysis of data obtained from gas producers as at May 2022 and the domestic demand forecast (progressive scenario) from AEMO's March 2022 GSOO.

The Interim Report explains that the upstream market is highly concentrated and dominated by the LNG exporters.[7] The ACCC notes that[8]:

> *'the number of producers with uncontracted gas is much lower than the number producing gas because the large number of producers have already sold their production under medium to longer-term GSAs and so are not in a position to compete to sell gas.'*

Additionally, the ACCC has previously recommended that when releasing any new acreage, governments pursue greater diversity of suppliers.[9] In continuation of this recommendation, the ACCC notes in the Interim Report that this can be achieved by[10]:

- *...not granting acreage to producers that already control significant acreage...*
- *...considering diversity of suppliers and the efficiency with which gas can be brought to market...*
- *actively encouraging gas to be brought to market in a timely manner...'*

Similarly, the Australian Energy Regulator (**AER**), in its State of the Energy Market 2022 report, released in September 2022, states that[11]:

> *'...east coast gas markets have entered a period of sustained high prices and tight supply. Over late 2021, and particularly since April 2022, gas prices in east coast gas markets have rose to and persisted at record highs. Southern gas production is continuing to deplete reserves, increasing the risk of shortfalls...'*

Consequently, it is clear that a key solution to avoid potential looming shortages and associated high domestic gas prices is to promptly bring to the market new domestic supply.

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[7] ACCC, Gas Inquiry 2017-2025 Interim Report, July 2022, 97.
[8] Ibid.
[9] ACCC, Gas Inquiry 2017-2025 Interim Report, July 2022, 95.
[10] Ibid.
[11] AER, State of the Energy Market 2022, September 2022, 120.

4. The Proposed Conduct

The Applicants are seeking authorisation to jointly market and give effect to provisions of GSAs with customers with common terms and conditions (including price), relating to the supply of gas from the Odin Field (which is owned by the Applicants in accordance with the PRL 211 and ATP 2021 Joint Ventures).

The Applicants confirm that:

(a) the Proposed Conduct will involve negotiations and entry into GSAs that include a common price between the Applicants, however, the price will (or may) vary between customers; and

(b) they are seeking authorisation for all gas produced from the Odin Field.

The Applicants propose to enter into a preliminary agreement in relation to the proposed joint marketing and sale of gas produced from the Odin Field. This agreement is expressed as conditional upon ACCC authorisation. The Applicants intend to commence producing and selling gas from the Odin Field by mid-2023, subject to ACCC authorisation.

In summary the proposed arrangements would involve:

(a) the PRL 211 and ATP 2021 Joint Venture participants appointing Vintage, operator of the PRL 211 and ATP 2021 Joint Ventures, as the marketing and sales agent of all gas extracted from the Odin Field, subject to certain exceptions outlined below, in accordance with the PRL 211 and ATP 2021 JOAs;

(b) Vintage, in conducting its role as marketing and sales agent providing, or procuring the provision of, the following services in connection with marketing of gas to customers including:

    (i) identifying prospective customers for the gas;

    (ii) identifying and pursuing new marketing opportunities for the gas;

    (iii) entering into discussions with potential customers of the gas;

    (iv) developing and maintaining relationships with potential customers of the gas;

    (v) drafting, negotiating and preparing contracts for the sale of the gas according to each Joint Venture participants' interest as defined in the PRL 211 and ATP 2021 JOAs; and

    (vi) reporting to the Joint Venture participants on a monthly basis as to its progress in connection with these services and the quantities of gas sold.

The proposed joint marketing will not impact on:

(a) the Existing Authorisation;

(b) marketing arrangements of either participants or any of their related parties in respect of gas produced from other fields (including the Vali Field, which is marketed separately from the Odin Field and is the subject of an existing GSA); and

(c) gas produced from exclusive (sole risk) operations in the Odin Field (if any).

5. Rationale for the Proposed Conduct

Overview

The Applicants acknowledge that the making of and giving effect to the joint marketing and supply arrangements may, without the benefit of authorisation, contravene the CCA.

In particular, the Applicant's acknowledge that the Proposed Conduct may contravene the following provisions of the CCA:

(a) making and or giving effect to a contract, arrangement or understanding that may include a cartel provision (Division 1 of Part IV);

(b) making and or giving effect to a contract, arrangement or understanding that has the purpose or would have the effect, or likely effect, of substantially lessening competition (section 45(1)(a) and (b)); and/or

(c) engaging with one or more persons in a concerted practice that has the purpose, or has or is likely to have the effect, of substantially lessening competition (section 45(1)(c)).

While the joint marketing and supply arrangements may technically be possible without authorisation (and within the joint venture exception under section 45AO and 45AP of the CCA), the applicants require the certainty of competition law compliance before proceeding with the joint marketing and supply arrangements.

Rationale

The Applicants submit that it would be commercially impracticable for the Applicants to separately market and sell their proportions of the gas to the market for the following reasons:

(a) gas supply from the Odin Field would be significantly delayed as:

  (i) the PRL 211 and ATP 2021 JOAs require unanimous approval for development of the Odin Field. Therefore, to secure Joint Venture approval for the required development of the Odin Field in order to supply gas each Applicant would need to have secured a GSA or have satisfied itself that it could secure a GSA (i.e. if one Applicant cannot secure a GSA individually or is not confident in its ability to, the development investment proposal might not be approved);

  (ii) there would be increased negotiation and consultation required on the development plan as each Applicant would have disparate gas sale conditions;

  (iii) each Applicant would be required to put separate marketing strategies in place;

  (iv) the Applicants would need to negotiate a more complex gas balancing agreement which deals with each party taking gas at different rates to satisfy their customer's requirements. A gas balancing agreement addressing all three Applicants is likely to take several months to negotiate and may result in operational inefficiencies compared to a coordinated sales process; and

  (v) further discussions would be required between each Applicant individually and the operator of the Moomba gas processing plant and potentially the gas transmission pipeline operators in relation to the mechanism for nominations and balancing of separate gas sales ex-Moomba;

(b) the economic reserves of the field may be reduced and ultimate long-term production curtailed as a result of poor alignment of the Applicants driven by different requirements of their respective GSAs;

(c) a 25% PRL 211 Joint Venture participant would only be able to offer [redacted], therefore it is likely that a potential customer would have to enter into further GSAs with other providers to source its needs, which would make a GSA for gas from the Odin Field less attractive and result in a limited pool of customers who would be willing to manage the relatively higher level of administration associated with the reduced volume and having multiple suppliers with GSAs on different terms; and

(d) the small volumes each PRL 211 Joint Venture participant is able to offer separately means that each participant is unlikely to be in a position to negotiate transportation rights downstream of Moomba or gas swap arrangements, thus limiting the options of the participants.

Consequently, joint marketing is critical to the Applicants as:

(a) it will allow for aggregation of a larger volume of gas for sale to major customers than any of the PRL 211 Joint Venture participants could sell alone;

(b) it will provide customers with greater certainty of long term supply and performance, compared to a situation where gas supply was reliant on an individual joint venture participant;

(c) it will provide increased certainty to the Applicants relating to the sale of gas, which will facilitate and expediate an investment decision to commit to the capital investment required to further develop the Odin Field; and

(d) it will assist the Applicants in finding gas sales opportunities and having a most efficient marketing process, by pooling their knowledge of east Australian gas market customers and marketing resources.

Further, the Applicants are strongly of the view that the public benefits that will arise from the Proposed Conduct will outweigh the public detriment from the conduct (if any), such that authorisation should be granted.

Context of the Existing Authorisation

The rationale for the Proposed Conduct, is broadly consistent with the rationale for the Vali Field Conduct, which is authorised under the Existing Authorisation.

The operational efficiencies of engaging in joint marketing and sale of gas from the Odin Field are therefore increased by the common parties, proximity of the gas formations and their utilisation of the same infrastructure. Specifically, it is noted that:

(a) approximately 50% of the Odin Field lies within the area covered by ATP 2021, in which the Vali Field is located;

(b) the Vali-Beckler pipeline, which is contemplated by the Existing Authorisation, has already been designed to pass by the Odin Field, and it would therefore be a natural extension in terms of operations and gas supply to the east coast market; and

(c) the original modelling for the Vali Field, on the basis of which the Existing Authorisation was granted, was an estimate. Actual production from the Vali Field, which has not yet commenced, may be lower than previously forecast. In those circumstances, the Odin Field production would not be an increase to the overall gas supply from the two fields, but instead replace any lower than forecast Vali Field production.

6. Directly impacted parties

The Applicants consider that the following parties may be directly impacted by the Proposed Conduct:

Customers – In the first instance, Vintage would be targeting customers that have transportation agreements in transmission pipelines from Moomba to Queensland, New South Wales and South Australia, or that can make alternative arrangements to buy gas at Moomba. This is likely to include customers such as Santos Ltd, Alinta Energy Retail Sales Pty Limited, Senex Energy Limited, AGL Energy Limited, Origin Energy Limited, Engie Australia & New Zealand Group, and Shell Australia. Joint marketing would provide the targeted customers listed above with greater certainty of long-term supply and performance than if gas supply was reliant on an individual Applicant (none of which are "oil and gas majors"), as well as operational efficiencies from only having one GSA. Customers who ultimately don't contract for gas from the Odin Field should also benefit from increased competition and resulting pressure on pricing.

Santos Ltd – Santos Ltd is the operator of the Beckler Field where a potential tie-in point has been identified for the pipeline to the Odin Field. Santos would benefit from Proposed Conduct as it would not have to manage separate gas streams and associated metering ex-Moomba.

APA Group and Epic Energy South Australia Pty Ltd (Epic Energy) – APA Group and Epic Energy are transmission pipeline operators ex-Moomba. They would benefit from the Proposed Conduct as they would not have to manage separate gas streams and associated metering.

Royalty holders – royalty holders would benefit from expedited supply and the potential increase in gas production at the Odin Field as a result of the Proposed Conduct, as this would see the following payments occur sooner and in potentially greater amounts:

(a) royalties to the South Australian government;

(b) royalties to the Queensland government;

(c) corporate taxes paid by each of the Applicants; and

(d) royalties to the native title party holding a registered claim in the area of PRL 211 and ATP 2021.

See Annexure A of this Submission for contact details of the relevant market participants identified above.

7. Term of authorisation

The Applicants seek authorisation for the Proposed Conduct for a period of 5 years from the date of the ACCC's final decision to grant authorisation to give effect to agreements entered into during the period of authorisation which may have gas supply terms up to and including 2043 (i.e. gas supply term of up to 15 years).

The Applicants seek the period of 5 years for the following reasons:

(a) the Odin Field is still in an early phase of exploration and appraisal such that marketing of the gas will be done in a stepwise fashion as better knowledge of the field's attributes become known over the next 5 years;

(b) a step wise approach is necessary given the Applicants' view that early marketing efforts will be impacted by:

   (i) the field and gas supply uncertainty, as the Odin Field is a new gas field;

   (ii) an uncertain market as a result of the impact of COVID-19 on international demand for LNG, the effects of the Ukraine/Russia conflict and the consequential flow through to the domestic market; and

   (iii) anticipated customer reservation given the limited experience and small size of the Applicants' expected gas production compared to the incumbent producers in the east Australia gas market;

(c) the main exploration, appraisal and development drilling program to develop the Contingent Resources is scheduled to occur in the period from 2023 to 2028, and the Applicants require sufficient certainty to invest in this; and

(d) given the uncertainty of the gas market, potential customers may not be prepared to engage with the Applicants at this time about their future long-term needs.

The Applicants seek a maximum term for GSAs entered into during the term of the authorisation of 15 years (including renewals) for the following reasons:

(e) there will be opportunities to market Odin Field gas ex-Moomba to major gas utility customers or industrial/power generation consumers;

(f) it would provide customers with greater certainty of long term supply;

(g) contract terms of up to 10 years is consistent with east Australia gas market customer supply requirements, and is common practice in the east Australia gas market;

(h) such a term would provide greater bankability of the Odin Field for the purpose of capital raising, which is critical to bringing forward investment in the Odin Field, given the small market capitalisation of some of the parties;

(i) long term GSAs are critical to underwrite the investment required by the Applicants for further appraisal and development of the Odin Field and related infrastructure in order to supply gas;

(j) the certainty of being able to actually sell the gas produced will encourage the PRL 211 and ATP 2021 Joint Ventures to continue exploring for new fields in the area covered by PRL 211 and ATP 2021;

(k) long term contracts could be expected to include gas price review provisions (depending on the nature of gas price escalation) for which the Applicants would require authorisation to negotiate and agree; and

(l) given these contracts may be entered into "stepwise", a contract with a 10 year term may require a 15 year authorisation period.

8. Application for interim authorisation

The Applicants are seeking interim authorisation in respect to the Proposed Conduct, namely to jointly market and give effect to provisions of GSAs with customers with common terms and conditions (including price) relating to the supply of gas from the PRL 211 and ATP 2021 Odin Field in the Cooper/Eromanga Basin.

8.1 Conditional terms of GSAs

Any GSAs entered into with customers during this period would be subject to and conditional upon the final determination by the ACCC of this Application, save that:

(a) the Applicants would be permitted to give effect to provisions of GSAs entered into during the interim authorisation period from the commencement date (estimated to be in Q3 2023) to [redacted] only;

(b) such GSAs would comprise fully interruptible supply while the Applicants establish the flow characteristics of the field.

There is the potential that final determination will not occur until after there is gas available for sale into the market by the Applicants (estimated to be mid-2023). The Applicants seek this scope for interim authorisation so that customers entering into GSAs with the Applicants can have certainty of the interruptible supply for a minimal period while the authorisation is considered and for a minimal period thereafter.

8.2 Request for interim authorisation

The Applicants are requesting this interim authorisation as they consider that the Proposed Conduct will not cause competitive harm and will produce clear public benefits as set out below:

(a) **interim authorisation will enable early engagement with customers –** an interim authorisation will enable the Applicants to engage with prospective gas customers at the earliest opportunity. This will ensure customers are able to understand the availability of this new supply of gas which is intended to be made available in the market in mid-2023. The Applicants note that many customers will otherwise have sourced their gas needs for early 2023 and beyond. Subject to receiving interim authorisation, the Applicants intend to have negotiated and signed GSAs with identified customers by [redacted] and supply gas by mid-2023;

(b) **impact on the east Australian gas market –** granting of interim authorisation would see immediate public benefits for the state of competition and supply in domestic gas markets as the Applicants are new entrants in the market and all customers should benefit from increased competition and resulting pressure on pricing;

(c) **no long term anticompetitive detriment due to conditionality of GSAs –** any GSAs negotiated under the interim authorisation would be either:

   (i) long term GSAs which are fully conditional upon authorisation being granted by the ACCC; or

   (ii) fully interruptible and for very minor quantities but binding for a period from execution up to [redacted].

   Under both scenarios, the Applicants submit that there will be no long term anticompetitive detriment in any market if authorisation is ultimately refused by the ACCC;

(d) **not in a position to set the gas price or impose less favourable terms on customers –** the PRL 211 and ATP 2021 Joint Venture participants are new entrants to the gas production market and the quantity of gas which they will be producing is negligible in the east Australia gas market. In addition, the terms of the GSAs are anticipated to be relatively standard for the industry. Allowing the Applicants to jointly market and sell gas prior to final authorisation will not change or amend the bargaining position of the Applicants or have a substantial impact on the market. Interim authorisation of the Proposed Conduct in addition to the Existing Authorisation would have no incremental change in the Applicants' ability to set the gas price or impose less favourable terms on customers;

(e) **interim authorisation increases the prospect of readiness for first gas flow –** the granting of interim authorisation would give the Applicants confidence to bring the new gas supply to the market and enable them to proceed with their joint marketing strategy. This would in turn expedite the delivery of gas to customers. Without interim authorisation there would be a considerable delay as the Applicants are required to put separate marketing strategies in place; and

(f) **impact on investment decisions –** being able to lock in long term GSAs is critical to underwrite the investment required by the Applicants for further development of the Odin

Field and related infrastructure in order to supply gas. If the Applicants can have certainty to sell the gas produced, this will also encourage the Applicants to continue exploring for new fields in the area covered by PRL 211 and ATP 2021. Long term (conditional) GSAs will also increase the attractiveness of the Applicants to investors in order to provide further funding for exploration and development.

The counterfactual to the interim authorisation not being granted is substantial delay in appraisal of the Odin Field resources which would in turn delay the supply of gas from the Odin Field into the east Australia gas market, as the Applicants would have to wait until final determination to jointly approach customers.

8.3 Timing of interim authorisation

The Applicants acknowledge that as a result of the proximity of the filing this application to 31 December 2022, even if interim authorisation is granted prior to such date, it may no longer be able to enter into GSAs with customers by [redacted] (as submitted in Section 8.2(a)).

However, the Applicants are aware that potential customers in the market are likely to wish to confirm their gas supply for winter 2023 as soon as possible, and the Applicants would like to respond to that opportunity collectively.

The Applicants therefore respectfully request that a decision on interim authorisation be made by the ACCC as soon as possible (and in less than 28 days if possible), to facilitate immediate engagement with potential customers.

To aid the ACCC in considering this request, the Applicants provide the following context regarding the timing of this application:

(a) as the Odin Field is a prospective field, technical and subsurface testing work was required during the course of 2021-22, to determine the likely volume and rate of gas available from the field, as well as the likely timing of first gas;

(b) once these results were obtained by the Applicants, the results needed to be analysed to determine whether the field was economically viable. The economic viability of the Odin Field has also been critical in the Applicants' individual decision making about proceeding with joint marketing and sale of gas and this application;

(c) the Applicants wish to have firm expectations about future GSAs before committing to further capital expenditure, which is why the Applicants wish to proceed as quickly as possible; and

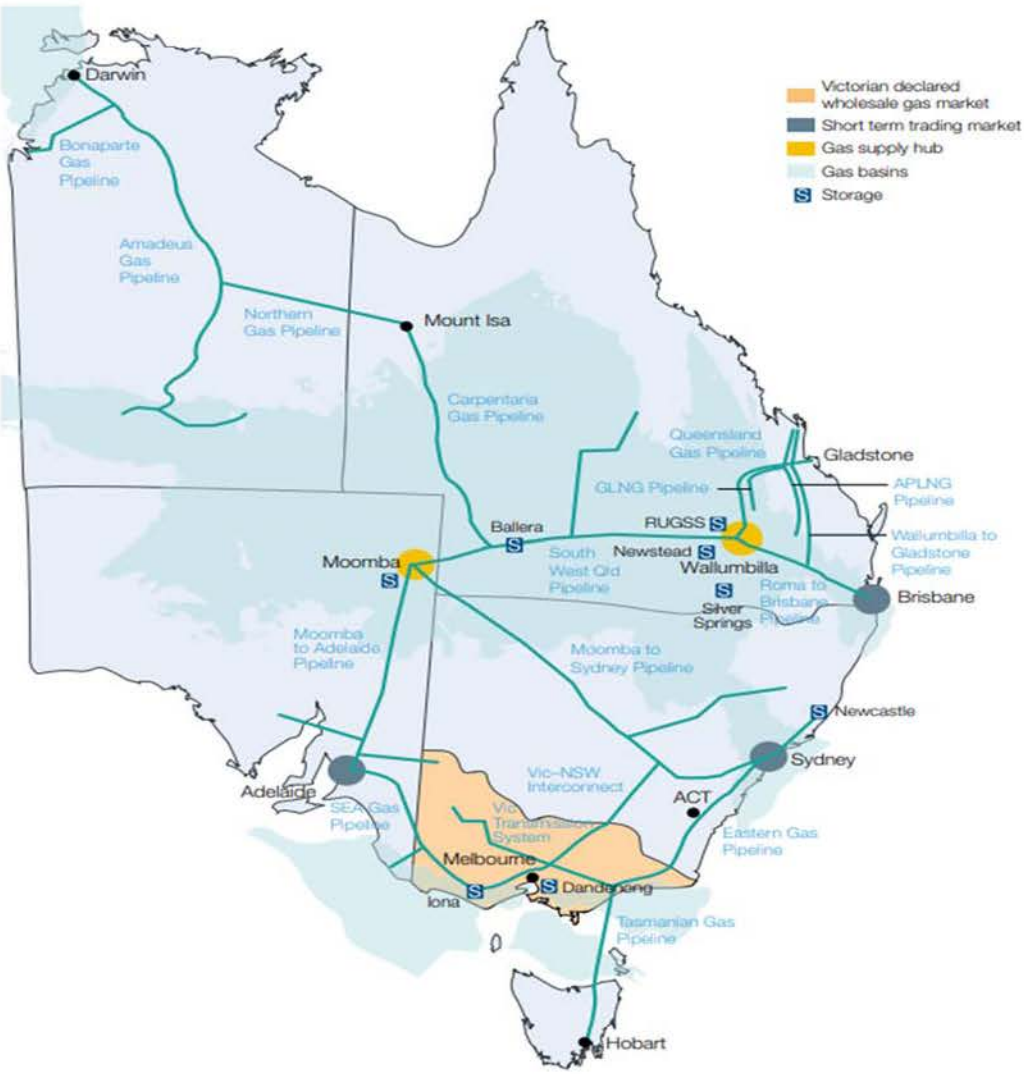
(d) as a result of the time required to complete these technical processes, and to liaise with the ACCC regarding the application, the Applicants do not believe they would have been able to submit this Application earlier.

Annexure C to this Submission contains an ASX Release by Vintage on 10 November 2022 which outlines the commitment made by the Applicants to accelerate gas to the market from the Odin Field.

9. Market

The Applicants submit that the relevant market for the purpose of assessing this application is the 'east Australia gas market' which includes customers in each of Queensland, New South Wales, South Australia, Australian Capital Territory, Victoria, Northern Territory and Tasmania who are connected to sources of gas in those jurisdictions (and nearby offshore resources) via a gas pipeline network. The map below illustrates the geographic scope of the market[12].

[12] AER, State of the Energy Market 2022, September 2022, 119.



10. Public benefits

The Applicants submit that the Proposed Conduct will result in significant public benefits through facilitating an efficient and expedited approach to enable a new supply of gas to the east Australia gas market.

10.1 Expedited and/or increased gas supply and greater competition in the east Australia gas market

Gas supply adequacy forecasts in the east Australian gas market are highly uncertain in the near future (see discussion in Section 3.3 above). The Applicants note that the estimated plateau rate of gas production for the Odin Field is [redacted], which will be transported into the east Australian gas market. While the Applicants acknowledge that this is not significant in the context of the east Australian gas market, prompt production of the Odin Field resources will assist in minimising the risk of gas shortages.

Absent joint marketing, gas supply from the Odin Field would be significantly delayed as:

(a) each Applicant would need to have secured a GSA or have satisfied itself that it could secure a GSA (i.e. if one Applicant cannot secure a GSA individually or is not confident in its ability to, the development investment proposal might not be approved);

(b) there would be increased negotiation and consultation required on the appraisal and development plan as each Applicant would have different gas sale conditions;

(c) each Applicant would be required to put separate marketing strategies in place;

(d) the Applicants would need to negotiate a gas balancing agreement which is likely to take several months to negotiate; and

(e) further discussions would be required by each Applicant individually with the Moomba and potentially the transmission pipeline operators in relation to the mechanism for nominations and balancing of separate gas sales ex-Moomba.

The Applicants submit for the reasons above that the Proposed Conduct is likely to result in a public benefit by enabling the supply of gas from the Odin Field to occur to customers in the east Australia gas market sooner than it would otherwise. The Applicants submit that this is a public benefit given the uncertainty in the east Australia gas market in relation to the supply of gas, and potential shortages in the future.

Additionally, the Applicants' submit that the Proposed Conduct would result in a greater total supply of gas from the Odin Field than would otherwise be supplied. If authorisation for the Proposed Conduct was not granted, ultimate long-term production of the Odin Field may be curtailed as a result of poor alignment of the Applicants' intentions driven by different requirements of their respective GSAs. This would result in a less efficient extraction of gas from the Odin Field, and overall, less gas available to the east Australia gas market.

The participation of the Applicants in the production and sale of gas will see greater diversity of suppliers in the east Australian gas market – a key tenet of the ACCC's Gas Market Enquiry. By allowing the Applicants to joint market they will be able to better compete with existing gas "majors" than either of them could alone, given the relative size of the Applicants' combined gas marketing activities comparatively. The increased competition bought about by the introduction of the Applicants into the market would contribute to downward pressure on pricing, which the Applicants submit is a public benefit.

Context of the Existing Authorisation

In the Existing Authorisation, the Applicants advised that the Vali Field Conduct would enable facilitation of a new source of gas supply to customers sooner. Authorisation of the joint marketing and supply of gas from the Odin Field would enable the Applicants to facilitate a new, stable source of gas supply for customers on the east coast, at an earlier date than if joint marketing and sale of gas was limited to the Vali Field only under the Existing Authorisation. Accordingly, our client submits that the public benefit will be improved as a result of the Proposed Conduct.

The original modelling for the Vali Field, on the basis of which the Existing Authorisation was granted, was the best estimate as at the date of the application. Actual production from the Vali Field, which has not yet commenced, may be lower than previously forecast. In those circumstances, the Odin Field production would not be an increase to the overall gas supply from the two fields, but instead replace any lower than forecast Vali production.

10.2 Incentive for investment in infrastructure

As noted above, the PRL 211 and ATP 2021 JOAs each require unanimous approval for development of the Odin Field. Therefore, to secure Joint Venture approvals for the required development of the Odin Field in order to supply gas each Applicant would need to have secured a GSA or have satisfied itself that it could secure a GSA (i.e. if one Applicant cannot secure a GSA individually or is not confident in its ability to, the development investment proposal might not be approved or may be substantially delayed).

The Applicants will also make further investment into infrastructure around the Odin Field, if authorisation of the Proposed Conduct is granted. Specifically, there are plans for a [redacted] investment into the Vali to Beckler pipeline, to provide the necessary infrastructure for the gas produced from the Odin Field.

The Applicants also require investment in long lead items to drill additional wells in the Odin Field to ensure production is maximised.

10.3 Aggregation of gas volumes

The joint marketing will allow the aggregation of more gas for sale to customers in the east Australia gas market than the Applicants could sell individually. Accordingly, the Applicants will be able to bid for contracts with major customers that they would not have the reserves to supply alone – thus increasing competition between suppliers for those contracts.

Absent joint marketing, a 25% PRL 211 Joint Venture participant would only be able to offer [redacted]. Consequently, it is likely that a potential customer would have to enter into further GSAs with other providers to source its needs, which would make a GSA for gas from the Odin Field less attractive and result in a limited pool of customers who would be willing to manage the relatively higher level of administration and transaction costs associated with the reduced volume and having multiple suppliers with GSAs on different terms.

Further, the small volumes of gas each PRL 211 Joint Venture participant is able to offer individually means that each PRL 211 Joint Venture participant is unlikely to be in a position to negotiate transportation rights downstream of Moomba or gas swap arrangements, further limiting the options of the PRL 211 Joint Venture participants.

The Applicants have been approached by several customers seeking a larger volume of gas than either of the Applicants could supply individually, on the understanding that the aggregation of gas produced by all Applicants from the Odin Field could supply a quantity approximately equivalent to its own use. Authorisation would enable the Applicants to satisfy these customer requirements.

For the avoidance of doubt, gas volumes will not be aggregated between the Vali Field and Odin Field. Any joint marketing and sale of gas would either be for the Vali Field only (under the Existing Authorisation) or the Odin Field only (if authorised hereunder).

10.4 Cost savings and efficiencies

Joint marketing of the Odin Field gas supply would result in cost savings for potential customers through reduced transaction costs, as they would be able to secure the combined quantity through a single contract negotiation.

A potential customer would otherwise either:

(a) have to enter into further GSAs with other providers to source its needs; or

(b) have to enter into multiple GSAs to obtain larger quantities of gas from the Odin Field (i.e. negotiate and enter into contracts with each Applicant separately).

Joint marketing would also minimise any disputes in relation to pipeline capacity and transportation arrangements and result in an aligned strategy for future expansion of capacity and development, creating a more efficient process which in turn would expediate and/or increase downstream supply. Separate sales of gas would also lead to operational inefficiencies for relevant pipeline transmission operators as they would have to manage separate streams (i.e. would have to administer three daily nominations for small quantities of gas, instead of one nomination).

The Proposed Conduct would also allow the Applicants to have a more efficient and targeted go-to-marketing strategy, resulting from the consolidation of the Applicants' respective proportions of gas, than could be achieved through the individual marketing of gas. Joint marketing would allow the Applicants to pool their knowledge of east Australian gas market customers and consolidate marketing resources, eliminating the costs of having overlapping marketing resources (i.e. each party would need to engage its own marketing personnel) and resulting in a more efficient process.

11. Public detriment

The Applicants acknowledge that allowing competitors to engage in marketing together rather than independently reduces the number of independent market participants. However, similar to the conduct subject to the Existing Authorisation, the Applicants submit that authorising this Proposed Conduct will not have an effect of substantially lessening competition nor give rise to any other public detriment for the following reasons:

(a) the quantity of gas estimated to be joint marketed by the Applicants is insignificant in the east Australia gas market, being [redacted] which is approximately [redacted] of the annual gas demand in the east Australia gas market, and [redacted] when LNG export is factored in. As such, joint marketing of such quantity will have no impact, or negligible impact, on the concentration in the market or competitive dynamics;

(b) the Odin Field is a new production field which introduces new suppliers of gas into the east Australia gas market with low or negligible market share, rather than being joint marketing between well-established gas producers with substantial market share;

(c) the Applicants are not in a position to set the gas price or impose less favourable terms on customers (which is a key concern coming out of the ACCC's Gas Market Enquiry), both due to being new market participants and due to their low market share, rather, potential customers will all have alternative multiple sources of supply to compare any offer from the Applicants, which will constrain the Odin Field gas price;

(d) the Applicants will face significant competition from numerous actual, as well as potential, rival suppliers of natural gas to commercial and industrial customers in the east Australia gas market (including gas resources owned by companies associated with LNG facilities);

(e) the joint marketing is limited in time; and

(f) the joint marketing is limited to the Odin Field only which, as noted above, represents a very small percentage of the market.

For completeness, the pipeline that the Applicants use (or will use) to supply gas to the market is common to the Vali Field and Odin Field. This pipeline has a maximum capacity limit of [redacted]. Accordingly:

(a) the maximum volume of gas that can be supplied to the market by the Applicants at any one time would be unchanged by the Applicants having authorisation to jointly market and supply gas from both the Vali Field (under the Existing Authorisation) and the Odin Field (if authorised hereunder); and

(b) the Applicants will be in no stronger position to supply gas at higher prices (i.e. as a price setter), if authorisation is granted for the Proposed Conduct in respect of the Odin Field.

12. Conclusion

Based on the above, the Applicants submit that the public benefits likely to result from the Proposed Conduct will outweigh the public detriments (if any) which may arise from the Proposed Conduct. Further, due to the size and nature of the Applicants and the quantity of gas to be jointly marketed from the Odin Field, it is submitted that there is no risk of any substantial lessening of competition in the market.

Accordingly, the Applicants request that the ACCC:

(a) approve the application for interim authorisation, to enable the Applicants to proceed with engaging with prospective customers and negotiating and entering into conditional long term gas sales agreements and binding short term gas sales agreements for gas from the Odin Field; and

(b) approve the application for authorisation, to enable the Applicants to negotiate and enter into binding gas sales agreements for gas from the Odin Field.

Annexure A – Relevant market participants

The following parties were identified in Section 6 of the Submission as market participants who may be directly impacted by the Proposed Conduct.

Party	Contact details
Customers	
Santos Ltd	**Attention** [redacted] **Email**: [redacted] **Phone**: 08 8116 5000
AGL Energy Limited	**Attention**: [redacted] **Email**: [redacted] **Phone**: 131 245
Origin Energy Limited	**Attention** [redacted] **Email**: [redacted] **Phone**: 132 461
Engie Australia & New Zealand Group	**Attention**: [redacted] **Email**: [redacted] **Phone**: 03 9617 8400
Alinta Energy Retail Sales Pty Limited	**Attention**: [redacted] **Email**: [redacted] **Phone**: 13 37 02
Shell Australia	**Attention**: [redacted] **Email**: [redacted] **Phone**: 08 9338 6600
Senex Energy Limited	**Attention**: [redacted] **Email**: [redacted] **Phone**: 07 3335 9000
Transmission pipeline operators ex-Moomba	
APA Group	**Phone**: 1800 808 526
Epic Energy South Australia Pty Ltd	**Phone**: 08 8343 8100

Annexure B - Resources quantities for the Odin Field

The following table sets out the Contingent Resources for the Odin Field:

Odin Gas Field Toolachee, Epsilon, and Patchawarra Formations (100%)					
Gas in Place (Bcf)			Contingent Resource (Bcf)		
Low	Mid	High	1C	2C	3C
[redacted]	[redacted]	[redacted]	18.5	36.4	71.7

Annexure C – Vintage ASX Release 10 November 2022

VINTAGE ENERGY

ASX Release

10 November 2022

Odin gas field connection to be fast-tracked for CY23 sales

- **Two stage connection project**
- **Optimises early sales with preferred long term production solution**
- **First gas delivery targeted for Q3 2023**

Vintage Energy Ltd (ASX: VEN, "Vintage"), 50% interest holder and operator of the PRL 211 Joint Venture (other interest holders: Metgasco Ltd, 25%; and Bridgeport (Cooper Basin) Pty Ltd, 25%,) announces the joint venture has resolved to pursue a two-stage project for connection of the Odin gas field.

The connection project will provide an interim accelerated connection and sales from Odin, contemporaneous with work on the superior longer-term connection option selected by the joint venture from the recently completed concept work. This long-term connection option comprises connection of the Odin gas field to facilities at the Vali gas field for dewatering, metering and transport to the Beckler tie-in point. The Vali gas field is also owned by the joint venture parties (in the ATP 2021 Joint Venture) and is being prepared to commence production in the next month.

Vintage Managing Director, Neil Gibbins, said the two-stage connection project enabled early production to serve market demand whilst the optimal field infrastructure configuration could be established and constructed.

"There are two clear conclusions from the work done since announcing our intention to bring Odin to market. First, a compelling case exists for gas from Odin to flow to east coast gas buyers as soon as possible. Second, our concept engineering studies identified the best option, for operations and economics, is for Odin to be connected to the facilities currently being constructed at Vali".

"However, the timeline required from the commencement of FEED to first gas for that option is expected to extend beyond 12 months, and supply chains for some items remain difficult.

"By reconfiguring the project into two stages: Odin accelerated and Odin long term; we have set ourselves to start supplying gas from Odin as rapidly as possible whilst implementing the best long term connection option for the field" Mr Gibbins said.

The Odin accelerated connection will use temporary rental equipment and the installation of a 1.4 kilometre Fiberspar connection from the well-site to the mid-line riser of the pipeline currently being installed to transport gas from Vali gas to the Moomba gas gathering network at Beckler. The Odin long term connection will enable metering and dewatering of the Odin gas stream at Vali prior to transportation to Beckler and require installation of a 6.3 kilometre Fibrespar pipeline from the mid-line riser to the Vali facilities. The Odin long term connection is expected to progress to FEED later this month.

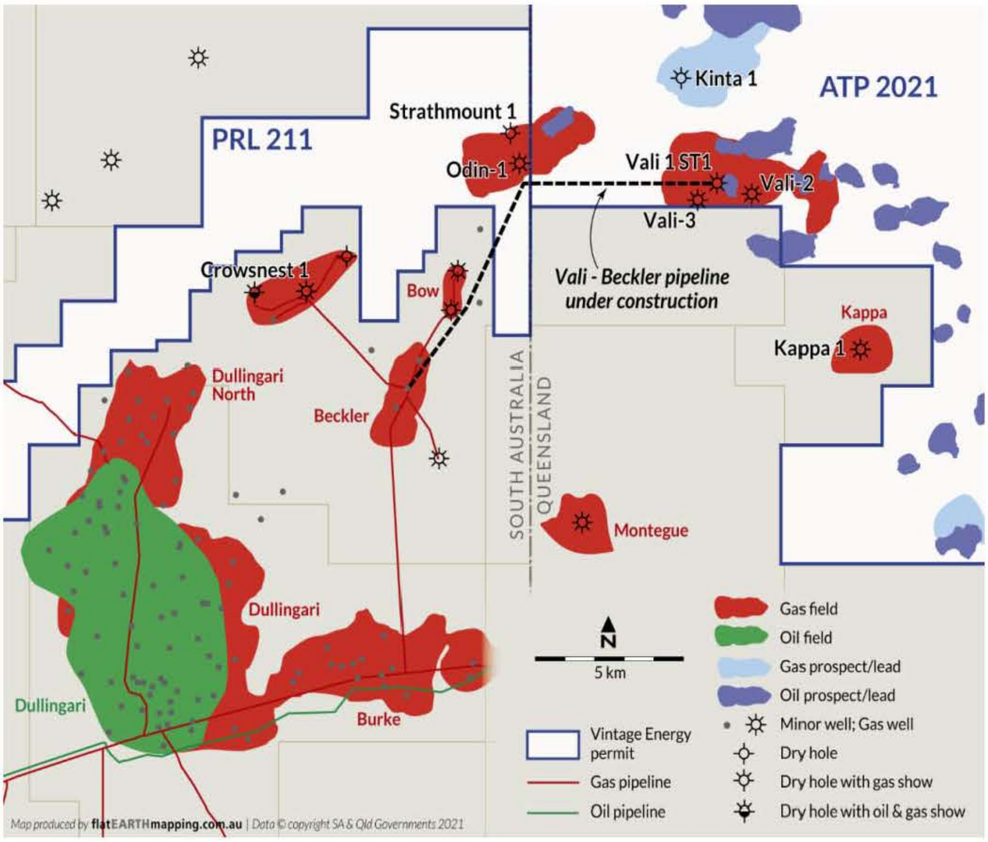
Vintage anticipates funding its share of expenditure for both connection projects from internal resources.

The Odin gas field was discovered by the joint venture in 2021. Odin-1 confirmed gas pay in the Toolachee, Epsilon and Patchawarra formations and delivered a stable gas flow rate of 6.5 MMscfd from the Epsilon and Toolachee formations. The well was completed as a Toolachee and Epsilon gas producer as part of the Vali well completion campaign conducted in July – August 2022.

Subject to regulatory approval, marketing of Odin gas is also expected to advance.

Vali update

There is no change to expectations for the timing of first gas from Vali in December 2022.



Location of Odin and Vali gas fields, Cooper Basin, Australia

This release has been authorised on behalf of the Vintage Board by Mr. Neil Gibbins, Managing Director.

For further information contact | Neil Gibbins | +61 8 7477 7680 | info@vintageenergy.com.au

Annexure D – Vintage ASX Release 18 November 2022

VINTAGE ENERGY

ASX Release

18 November 2022

Vali gas field commissioning

Vintage Energy Ltd (ASX: VEN, "Vintage"), 50% interest holder and Operator of the ATP 2021 Joint Venture ("JV") (other interest holders: Metgasco Ltd, 25%; and Bridgeport (Cooper Basin) Pty Ltd, 25%,) provides the following update to expectations on completion of the Vali gas project.

Vintage advises commissioning of the Vali gas field facilities is now expected to occur in January 2023 after the Christmas-New Year break. Commissioning was previously expected to commence in December 2022 with first gas to follow later in that month.

The revision to expectations has been made following recent weather events in November which have disrupted pipeline installation work, necessitated rework in some cases and limited access to the site. Forecasts now indicate the works required for handover are unlikely to be completed prior to the year-end break for field contractors commencing 22 December 2022. Work is scheduled to resume on or around 4 January 2023.

Trenching is nearing completion on the main export Vali-Beckler pipeline, and installation of the Fiberspar pipe will commence today. Installation of the pond liners are complete and the placing of concrete footings is due to commence this weekend. Work in the period to 21 December 2022 will focus on installation and testing of all flowlines and the construction of key infrastructure in order that commissioning can commence as soon as possible after operations resume in January 2023.

Completed trenching for installation of Fibrespar export line

Delivery of manifold skids to Vali site

Installed pond liner with Vali-1 well site and laydown area

Vintage will continue to update the market as significant developments occur.

This release has been authorised on behalf of the Vintage Board by Mr. Neil Gibbins, Managing Director.

For more information contact:

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