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New exploration data an urgent wake-up call

The release today by the Australian Bureau of Statistics of petroleum exploration expenditure data for 2015-16 is an urgent wake-up call for governments and industry.

APPEA Chief Executive Dr Malcolm Roberts said the 2015-16 data confirms that oil and gas exploration – onshore and offshore – is in free fall.

“Over the last two years, spending on onshore and offshore exploration has fallen by almost two-thirds,” he said.

“While some of this fall reflects lower costs, exploration activity is undeniably at its lowest levels for many years. The number of exploration wells drilled offshore is at its lowest level in almost 20 years; onshore drilling is at its lowest level in 15 years.

“The latest data continues a worrying trend that has been evident for many years, even when commodity prices were much higher. If the slide in exploration continues, Australian gas users will face more uncertainty about future supply and higher gas prices.

“APPEA welcomes the Commonwealth initiative to examine the exploration and development framework through the Offshore Resource Management Review. We especially welcome the focus on frontier regions and less-explored areas that may offer significant untapped potential.

“The \$100 million in new funding for Geoscience Australia, announced in the last federal budget, is also a very important initiative.

“The recent Council of Australian Governments’ Energy Council meeting highlighted the urgent need to develop new gas reserves, given the likely supply shortfall in 2019. Production from the key basins in South Australia and offshore Victoria will begin to fall from 2017.

“We must find and develop new supplies of gas to offset falling output from Australia’s long-established gas fields.

“The latest exploration data is just one more reason to reject short-term political fixes such as the Victorian government’s ban on onshore gas exploration.”

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