

Buru Energy offered government support for greenhouse gas storage project

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April 20, 2022

By

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The Morrison government has offered Buru Energy around \$7 million in an election pledge to undertake a feasibility study into geological storage of greenhouse gas in WA's north.

Oil and gas company Buru Energy (ASX: BRU) has been promised a \$7 million grant to evaluate the greenhouse gas storage potential in Western Australia's onshore Carnarvon Basin should the Morrison government be re-elected.

The grant forms part of a major federal government initiative, announced on the Liberals' campaign trail this week, to facilitate the development of hydrogen production and greenhouse gas storage hubs in WA.

Buru today announced it has been notified it is a successful applicant for a Commonwealth government grant to undertake a feasibility study for a greenhouse gas storage project in the onshore Carnarvon Basin near the town of Onslow. The offer of the grant is for matching funds of some \$7 million over a three-year period.

The grant recognises Buru's wholly-owned Geovault subsidiary as a leader in the field of onshore geological greenhouse gas storage. Geovault has also been liaising with government to ensure an appropriate legislative framework is put in place for onshore greenhouse gas geological storage projects.

“The success of Geovault will not only substantially assist in the achievement of the government’s goals of emissions reduction, but it is also a potentially major business opportunity for the company,” Buru executive chairman Eric Streitberg said.

Finalisation of the grant is subject to negotiation of suitable legal documentation and approval by Buru’s board.

New energy election promises

Federal subsidies focused on new energy have been announced on this week including the Morrison government’s pledge to spend \$140 million on two new hydrogen hubs in WA – BP Australia’s H2Kwinana clean energy hub in Perth and the state government’s Pilbara Hydrogen Hub in WA’s north.

Bipartisan support has been demonstrated for these projects with the state government (under McGowan’s Labor) already budgeting \$70 million to support the Pilbara hub and previously providing \$300,000 to support a feasibility study for the H2Kwinana project.

In addition to the \$7 million grant for Buru’s Carnarvon Basin carbon capture and storage (CCS) project, up to \$40 million has been budgeted for Woodside’s (ASX: WPL) Burrup CCS project on WA’s north-western coast.

Another \$20 million is earmarked to support the design and construction of Japan-owned Mitsui’s CCS hub in the state’s mid-west.

Two early-stage hydrogen projects, Engie Hydrogen in the Pilbara and Santos (ASX: STO) in Carnarvon – are in line to receive up to \$3 million.

Carnarvon Basin’s potential for greenhouse gas storage

Onshore geological greenhouse gas sequestration has been regarded as a superior alternative to storage in offshore depleted oil and gas fields, due to its potential to be lower cost, technically more robust and suitable for higher volumes of storage capacity.

Buru has identified potential geological storage reservoirs in the vicinity of its L20-1 petroleum permit application near Onslow in WA’s north.

The permit area contains two drill-ready prospects and Buru aims to commence field work in 2022.

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