



# MEDIA RELEASE

## MARTIN FERGUSON

Minister for Resources and Energy  
Minister for Tourism

---

---

20 April 2009

09-053

### GEOTHERMAL DRILLING FUNDING ANNOUNCED

The Minister for Resources and Energy, Martin Ferguson AM MP, today announced the successful applicants for funding under the first round of the Government's *Geothermal Drilling Program*.

The *Geothermal Drilling Program* will support the high cost of drilling deep geothermal wells by providing grants of up to \$7 million on a matching funding basis. Funding will also help finance geothermal proof-of-concept projects.

Geothermal energy producers pump water below ground (sometimes as deep as 5 km), where it is heated by 'hot rocks'. The heat energy is then used to generate electricity.

Minister Ferguson said: "Geoscience Australia estimates that if just one per cent of Australia's geothermal energy was extracted it would equate to 26,000 times Australia's total annual energy consumption. This extraordinary potential is one of the reasons the Australian Government is making this investment in geothermal energy as part of the \$500 million Renewable Energy Fund.

"In addition to being a low-carbon energy source, geothermal energy also has the potential to add baseload power to the Australian energy grid. This would diversify Australia's energy supply and add to our overall energy security."

"There is strong interest in the *Geothermal Drilling Program* and I congratulate the successful round one applicants. Unsuccessful applicants and other interested parties are welcome to submit applications in later rounds, with round 2 applications opening around mid-year."

The two successful companies are MNGI Pty Ltd and Panax Geothermal Limited.

#### ***MNGI Pty Ltd - \$7 million grant subject to successful offer negotiations***

The Paralana Geothermal Energy Project is an engineered geothermal system (EGS) project which aims to demonstrate a successful, robust and innovative geothermal heat exchanger in the Adelaide Fold Belt met sedimentary rocks at Paralana. It aims to prove EGS technology with the innovative heat exchanger within insulator (HEWI) model that will bring forward geothermal development and investment across Australia by considerably lowering drilling costs and risks.

#### ***Panax Geothermal Limited - \$7 million grant subject to successful offer negotiations***

The Limestone Coast Geothermal Project is designed to deliver the first conventional geothermal energy development based on a deep and insulated sedimentary basin heated by conduction from underlying hot basement rocks. Success will prove the concept for the Limestone Coast where a resource potential of around 1500 MW has been inferred and will open up a new geothermal play for Australia. The Limestone Coast Geothermal Project is based on the concept that commercially viable geothermal reservoirs can be utilised in deep sedimentary business basis where they are buried under a thick layer of sedimentary rocks with low thermal conductivity.

**Media contact:** Michael Bradley – 0420 371 744