

Australia Oil And Gas - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 125 pages | Mordor Intelligence

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Report description:

Australia Oil And Gas Market Analysis

The Australia Oil And Gas Market was valued at USD 11.72 billion in 2025 and estimated to grow from USD 12.18 billion in 2026 to reach USD 14.79 billion by 2031, at a CAGR of 3.94% during the forecast period (2026-2031).

A USD 60 billion decommissioning backlog, rapid adoption of digital oil-field systems that cut offshore operating spending by as much as 83%, and surging off-grid demand from critical minerals mining are redefining competitive priorities within the Australian oil and gas market. Heightened domestic gas shortages, an expanding Asian LNG customer base, and tightening Scope 1 caps under the Safeguard Mechanism drive upstream capital toward CCS-ready blue-hydrogen schemes, while infrastructure bottlenecks in Eastern Australia sustain premium pipeline tariffs. Offshore Western Australia remains the production nucleus, yet onshore coal seam gas and Northern Territory shale prospects provide shorter-cycle growth options that help stabilize supply variance. Intensifying renewable penetration, meanwhile, compresses gas-fired power margins and underscores the need for integrated carbon-management services that preserve the long-term relevance of the Australian oil and gas market.

Australia Oil And Gas Market Trends and Insights

Rising Domestic & Asian LNG Demand

Domestic wholesale gas prices averaged USD 12-15 per gigajoule in 2024, almost twice the level of exported cargo benchmarks,

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highlighting the tight local balance that sustains premium contract prices and assures robust cash flows for exporters. Industrial buyers are increasingly securing long-term deals to shield their operations from volatility, which locks in forward revenue for producers but perpetuates supply tension that shapes policy debates around reservation schemes. Japan and South Korea are sourcing Australian LNG for blue-hydrogen conversion, extending the commodity's strategic role beyond power generation and amplifying future off-take certainty within the Australian oil and gas market. Streamlined NOPSEMA approvals for expansion trains shorten cycle times, although regional community pushback continues to challenge schedule adherence. The interplay of constrained domestic supply, resilient Asian demand, and regulatory facilitation supports sustained liquefied natural gas (LNG) utilization and underpins the growth outlook of the Australian oil and gas market.

CCS-linked Blue-Hydrogen Projects Unlocking New Gas Off-take

Santos commenced CO₂ injection at the Moomba CCS hub in September 2024, targeting 1.7 million t per year and positioning legacy gas assets for low-carbon hydrogen output that satisfies Safeguard Mechanism trajectories. Converting the Bayu-Undan field into a regional carbon-storage site offers Southeast Asian emitters an affordable sequestration option, monetizing depleted reservoirs while extending LNG infrastructure relevance. Blue-hydrogen projects reach break-even at gas prices as much as 30% below liquefaction thresholds when carbon-credit revenue offsets capture expenditures, bolstering competitiveness against green variants in hard-to-abate industrial segments. Integrated CCS enables upstream operators to sell both molecules and decarbonization services, a dual-income structure that enhances project bankability. This paradigm shift recasts gas reserves from transition risk to transition enabler, strengthening investment appetite across the Australian oil and gas market.

Accelerating Renewable-Power Penetration

Australia added 9.6 GW of renewable capacity in 2024, pushing South Australia's renewable generation to 70% and resulting in periods of negative wholesale prices, which reduce gas peaker run-time and revenue. Battery installations and pumped-hydro projects are increasingly supplying frequency control, thereby diminishing the ancillary-service income historically earned by gas turbines. State-sponsored renewable energy zones bypass thermal generation nodes, further eroding gas demand in new industrial parks. These trends reduce domestic offtake avenues for coal seam gas, intensifying reliance on export channels already capacity-constrained. Developers must therefore justify new gas projects on the merits of export and hydrogen alone, thereby elevating commercial risk and tempering growth prospects for the Australian oil and gas market.

Other drivers and restraints analyzed in the detailed report include:

Digital Oil-Field & Remote-Ops Cutting Offshore OPEX
Fast-Track Exploration Permits Under NOPTA Reforms
Safeguard-Mechanism Scope-1 Emission Caps (2025-30)

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

The upstream segment accounted for 74.31% of 2025 revenue within the Australian oil and gas market, and its 4.38% CAGR forecast to 2031 underscores how enhanced recovery techniques and carbon-capture projects underpin production resilience despite maturing fields. Blue-hydrogen initiatives, such as the Moomba hub and Bayu-Undan repurposing, stitch CCS economics into gas sales, enabling upstream operators to extract a higher realized value than traditional LNG alone. Midstream activities benefit from sustained throughput demand and pipeline tariff premiums that arise from Eastern Australia bottlenecks, yet expansion remains capital-intensive as route approvals confront landholder concerns. Downstream refining struggles with declining gasoline demand and renewable diesel mandates, but pivots toward petrochemical feedstocks and low-carbon fuels that leverage existing process units.

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Upstream investment strategies now combine infill drilling, subsea tie-backs, and remote-asset management to keep lift costs from rising in depleted reservoirs, while carbon-credit revenue generated by CCS drives incremental returns that buffer volatile spot LNG prices. Midstream firms continue to implement loop and compression upgrades to enhance deliverability into southeastern hubs, where wholesale prices peak, a trend that reinforces pipeline revenue stability. By contrast, refining rationalization may accelerate as electric-vehicle uptake pressures gasoline margins, although residual demand from heavy transport preserves a core utilization floor. Collectively, these dynamics ensure the upstream segment remains the anchor of value creation, shaping strategic capital flows across the Australian oil and gas market.

The Australia Oil and Gas Market Report is Segmented by Sector (Upstream, Midstream, and Downstream), Location (Onshore and Offshore), and Service (Construction, Maintenance and Turn-Around, and Decommissioning). The Market Sizes and Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Woodside Energy Group Ltd Santos Ltd Chevron Corp Shell PLC ExxonMobil Corp ConocoPhillips Co TotalEnergies SE BP PLC INPEX Corp Origin Energy Ltd Beach Energy Ltd Cooper Energy Ltd Viva Energy Group Ltd Ampol Ltd APA Group Jemena Ltd BHP Group Ltd Senex Energy Ltd Horizon Oil Ltd Eni SpA

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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