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Arrow upbeat on coal gas

By **BEN SHARPLES**

ARROW Energy says the Queensland coal seam gas industry will in five years rival the coal sector in creating value for the economy.

Australia's coal seam gas sector has rapidly evolved over the past few months with the entry of major international players BG Group Plc, Malaysia's national oil company, Petronas, and Royal Dutch Shell.

They are jostling to participate in separate liquefied natural gas (LNG) developments in Queensland with their Australian partners — using coal seam gas as feed — for export to lucrative Asian markets.

Coal seam gas has never been used as a feedstock for LNG plants,

but Credit Suisse said in a client note that the coal seam gas-LNG proposition had “evolved from concept to almost delivered, in market confidence terms” following recent deals.

Shell, Europe's largest oil company, added to that confidence this week when the group signed a \$776 million deal with Arrow to commercialise its vast coal seam gas reserves through a proposed LNG plant.

Arrow's Australian chief executive Shaun Scott said: “I think it (coal seam gas) will be starting to rival the coal industry in terms of the amount of people it employs and the value it's creating for the Australian economy.” AAP