



Future looks bright, says head of rapidly growing Arrow Energy

Waiting game pays for gas man

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RESOURCES REPORTER

FOUR years ago Shaun Scott was just another guy looking for a desk at the cramped headquarters of emerging coal seam gas company Arrow Energy.

"I think I was about employee number 10. I had my little box of stuff I had to carry around hoping that someone was going to be on holidays or out in the field so I could get a seat," he says.

Today he oversees a much bigger staff in a much bigger building as Arrow's Australian chief executive and, fortunately, has his own desk.

"When we were first starting, people were basically saying 'Come back when it's a real industry,'" he says.

"Now there's a noticeable difference in people's engagement, the number of questions they're asking and the level of interest and knowledge about what we're doing."

Case in point, the \$776 million deal Arrow signed with

Royal Dutch Shell in June for the energy giant to take a 30 per cent interest in Arrow's coal seam gas reserves in Queensland and help advance its proposed liquefied natural gas (LNG) project at Gladstone.

"Our focus in the last couple of years has not really been about our resource," Scott says.

"We're very confident that the gas is there. It's really been about developing the market. Gas in the ground is one thing, but having a monetisation strategy and a way to actually convert that gas into money is the real key to it."

Scott says he wouldn't dismiss rumours Shell could also be looking at Origin Energy's gas reserves.

"Clearly a company of Shell's size, when they come into something they want to come into it in a big way," he says.

"In terms of our deal with them, 30 per cent interest in the tenements that Arrow's got is a meaningful stake, but I'd be surprised if that was where they

saw the end of the process.

"There could be numerous different combinations of how (the projects) unfold ultimately."

Born in Sydney, Scott worked for the Queensland Recreation Council before switching to a commerce degree in the 1980s.

By the time he graduated, the stockmarket had crashed and the only job on offer was in the corporate tax division of Coopers & Lybrand.

"It was tough but I didn't have any choice, so I took it," he says.

It was here that he met Arrow co-founder Stephen Bizzell.

Several years later, while working in Texas as head of the merger and acquisitions team for American oil company Arco, Scott would cross paths with Arrow's future managing director Nick Davies.

"Nick was the president of Arco's Asia-Pacific business. I guess I was trying to buy assets that he was going to have to run, so we had a pretty good

working relationship," he says.

Bizzell later convinced Scott and Davies to invest seed capital into Arrow, but it wasn't until BP launched a takeover bid for Arco in 1999 that Scott had a chance to return to Australia.

Scott finally joined the Arrow team in 2004 with his little box of stuff and no desk, but a belief that the timing was right. "I liked the business. I could see a lot of potential in it," he says.

Since then the company has grown to more than 200 staff, with assets in five countries and a market capitalisation of around \$1.7 billion.

Scott says there are still challenges for the sector but the future remains bright.

"Ten per cent of all the gases consumed in the US are from coal seam gas," he says.

"There is no reason why coal seam gas in Australia can't become a significant component of all the gas that's consumed here as well."



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The stats

- Name: **Shaun Scott, 43**
- Position: **Head of Arrow Energy's Australian operations**
- Experience: **Worked in Texas for oil company Arco**
- Family: **Father of three**
- Hobby: **Coaches under-6 rugby team**