

Arrow to eye \$40b LNG haul

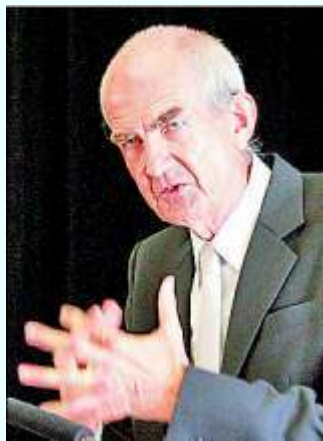
Tony Grant-Taylor

COAL seam gas company Arrow Energy told shareholders yesterday its international partner Royal Dutch Shell had agreed to take the full initial output from the two groups' planned Curtis Island liquefied natural gas plant at Gladstone.

And on the back of that deal, which could see LNG sales of \$40 billion over 15 to 20 years, Arrow's smaller joint venture LNG plant with LNG Ltd at Fisherman's Landing, also at Gladstone, and its ambitious international expansion plans, Arrow is targeting a tenfold lift in CSG production over the next five years.

Arrow chief executive Nick Davies told the meeting the Shell deal meant Arrow had customers for the planned initial output from both Curtis Island and Fisherman's Landing, with the latter's LNG 1.5 million tonne-a-year output to go to a Toyota group company in Japan.

While no figure was put on the deal with Shell's merchant



FIRED UP: Arrow Energy chairman John Reynolds.

arm, which is a major global LNG supplier, the Curtis project is planning an initial four million tonne-a-year plant, nearly three times the size of Fisherman's Landing.

Mr Davies and chairman John Reynolds told shareholders Arrow, with nearly \$400 million in the bank, would spend as much as \$300 million in the next 12 to 15 months

proving up reserves for both projects, with Fisherman's Landing to be supplied largely from its Surat Basin gas areas in southern Queensland and Curtis Island by gas from further north in the Bowen Basin.

Arrow's aim is to be producing some 220 petajoules of gas a year in five years, compared to the 20PJ it produced in 2008-09.

Arrow already has permits for a pipeline from the north to Gladstone and is working on a Surat Basin link.

Mr Davies said 2010 would be a year of consolidation for Arrow, which in 2009 brought in Shell as a joint venture partner in a deal worth up to \$1 billion, as the group ramped up gas field development to service its LNG plans.

He said Arrow and LNG Ltd were "striving to deliver a final investment decision on Fisherman's Landing (which would be the first CSG-to-LNG plant into production) by late March.

Arrow's shares fell 17¢ to \$4.05 yesterday.