

SE Business
HD **Local Condor takes fracking fight to Houston majors 'duopoly'**

BY MATT CHAMBERS, **ENERGY**

WC 687 words

PD 16 August 2014

SN The Australian

SC AUSTLN

ED Australian

PG 26

LA English

CY © 2014 News Limited. All rights reserved.

LP

FRACKING in Australia is a capital and power-intensive business, dominated by two Houston **oil** services majors — Halliburton and Schlumberger.

But a local start-up, headed by a former executive at one of the big players, is taking on an industry he says is effectively a duopoly.

TD

Perth-based Condor **Energy**, at a cost of \$40 **million**, has imported the nation's biggest fracture stimulation "spread" — the fleet of trucks, massive engines and support vehicles needed to frack an onshore well.

The entrance of a small new player has come after three years of chasing **equity** and debt funding here and overseas to join what could be a rapidly growing industry — if companies like Beach **Energy** and Santos can unlock the code to releasing the vast onshore shale and other unconventional gas resources around the nation.

Condor managing director Christian Lange says his time with Schlumberger in the US, where the big players dominated the industry until entrepreneurs with fracking equipment successfully challenged the status quo, showed him the same was possible here. "I came back to Australia and it became obvious the industry needed something to shake up the major players," Mr Lange said at an Adelaide launch of the business this week. He has put together a team of 60 employees with experience at the majors.

"There are industry concerns over what is essentially a duopoly, and duopolies are never that innovative, so there's no real competition. Australia has been like that for a long time." A frack fleet is not a small piece of kit. To generate the pressure to send frack fluid down a well with enough force to crack the shale, 12 diesel engines capable of generating 2500 horsepower each, or about the half size of an engine needed to power a naval patrol boat, are linked together.

There are only five to seven of the spreads in Australia at any one time (depending on how the majors configure their larger fleets, owned by Schlumberger, Halliburton, Baker Hughes and now Condor. Combined, they are able to generate a 150,000 horsepower.

In the US, the total figure is 16 **million** horsepower.

"Even if we grow to 10 per cent of that market, we will need a lot more horsepower, so we want to grow in line with that," Mr Lange said.

He would not say whether taking the **company** public was on the cards but noted how hard it had been to raise the start-up funding in Australia.

In the US, he said he had been flooded with offers to start a new business there but investors had balked at sovereign risk concerns in Australia following uncertainty generated by the previous Labour government.

Condor's major shareholders are Proserpine Capital Partners and **Hong Kong**-based Tiger Pacific.

Underpinning the **company** is its first contract to drill for Beach **Energy** in the Queensland portion of the Cooper Basin.

Beach managing director Reg Nelson said he was keen to use a **company** that was going out of its way to use local services and employ local people.

“This is an Aussie **company** embarking on what is going to be a difficult task,” Mr Nelson said, adding the rewards would be large if the gas resources of central Australia can be unlocked.

The original two-year contract will be for a joint venture Beach has with US **energy** giant Chevron, who Mr Lange said has also been a strong supporter.

Condor’s first assignment will be to frack four vertical wells the joint venture plans to drill.

At the launch, South Australian Treasurer and Resources Minister Tom Koutsantonis showed a marked difference from his counterparts in the frack-shy states of NSW and Victoria, which both have exploration restrictions on onshore gas drilling. Mr Koutsantonis said Condor was exactly the type of industry the state government wanted and it would not be swayed by “scaremongering” and “false science” from groups opposed to fracking. “We have been fracking in this state since 1969 and not an aquifer has been polluted,” he said.

CO bchpet : Beach Energy Limited | slumb : Schlumberger Ltd

IN ifrack : Fracking | i1 : Energy | i13 : Crude Oil/Natural Gas | ibasicm : Basic Materials/Resources | iextra : Natural Gas/Oil Extraction | imet : Mining/Quarrying | i1300003 : Crude Petroleum Extraction | i1300005 : Support Activities for Oil/Gas

NS cnatrd : Natural Reserves/Resources Discovery | c184 : Joint Ventures | c18 : Ownership Changes | c24 : Capacity/Facilities | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE austr : Australia | usa : United States | houst : Houston | apacz : Asia Pacific | ausnz : Australia/Oceania | namz : North America | uss : Southern U.S. | ustx : Texas

PUB News Ltd.

AN Document AUSTLN0020140815ea8g000a0