

# FINANCIAL REVIEW

SE Companies and Markets

HD BG to spend \$1.7b on more drilling

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LP BG Group and its Asian partners in the \$US20.4 billion Queensland Curtis LNG venture have given the go-ahead for a further \$1.7 billion of investment to drill up to 400 more wells to maintain gas supply, providing a welcome lift to resources industry spending.

Drilling for the Charlie project will take place during the next two years in permits west of Wandoan in the Surat basin, with [Leighton Contractors](#) winning the main contract to carry out the work, which will create up to 1600 jobs.

TD The large investment underscores the ongoing spending commitment required by Queensland coal seam gas-based LNG projects, which need to keep drilling new wells every year to maintain gas supplies for their export plants in Gladstone. BG started shipments from its QCLNG venture in January, marking the first gas exports from Queensland, and has so far delivered 62 cargoes to Asia.

It also shows that British-based [BG](#) has not deviated from investment required to support the QCLNG project, even as it is set to be acquired by Royal Dutch Shell in a proposed \$US70 billion (\$98 billion) takeover and as returns from the venture are squeezed by low commodity prices.

Environmental approval for the Charlie project, which will supply gas into an existing processing plant at Woleebee Creek, was granted by the federal Minister for the Environment in December 2014.

As partners in QCLNG, [China National Offshore Oil Corporation](#) and [Tokyo Gas](#) will fund part of the work, but the British company will shoulder most of the investment in line with its 73.75 per cent stake in the gas permits.

In addition to the wells, the project involves 725 kilometres of water and gas gathering lines and a compression station as well as other pipelines, power lines and water-handling facilities over a total footprint of 2500 hectares.

Tony Nunan, managing director of [BG's QGC subsidiary](#), described the project as "a vote of confidence in the secure, long-term future of Queensland's natural gas industry".

"The Charlie development will help to sustain the benefits of our investment in local communities and the state, including up to 1600 construction jobs and business opportunities during the two-year project," Mr Nunan said.

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