



## **Arrow to expand Queensland gas project**

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### **Body**

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**Shell** and PetroChina's joint venture Arrow Energy will expand its Surat **Gas** Project as it moves to capitalise on growing demand, a move likely to stoke opposition from environmentalists.

The expansion will be welcomed by Australia's energy industry, which is struggling to lock in supplies amid rapidly depleting stocks across the east coast.

Arrow said it would expand the project in Queensland's Western Downs to produce 4000PJ of **gas** for long-term contracts and to supply the domestic market.

The JV said 450 new **gas** production wells, a new field compression station, 27km pipeline, and road and infrastructure upgrades over two phases would be developed.

Arrow chief executive Zhengxin Peng said first **gas** from the expansion was targeted for 2026.

"At a time when more **gas** is needed for homes, businesses and industries, the SGP North development will solidify Arrow's position as a major producer of natural **gas** on the east coast," Mr Peng said.

"Natural **gas** is an important part of the energy transition, and the expansion demonstrates the faith our shareholders have in our ability to manage and deliver large-scale projects." **Gas** from the project will flow to the **Shell**-operated QCLNG liquefied natural **gas** facility on Curtis Island, near Gladstone, to meet long-term contracts and supply domestic customers, the joint venture partners said.

Zoe Yujnovich, **Shell**'s integrated **gas** and upstream director, said the expansion underscored its commitment to the domestic market.

"Embarking on Phase 2 of the Surat **Gas** Project with Arrow is part of our commitment to bring more **gas** to market," she said.

"QCLNG marked its 1000th cargo at the end of last year, reflecting its significance as a **gas** supplier for Australia and the region. This investment will enable us to sustain and grow this important, secure energy source that offers a

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lower emissions alternative to options like coal." **Shell** Australia chairwoman Cecile Wake said the expansion would be boon for the local community.

"At its core, this project promotes stronger regional communities, and it also has wider benefits for Australian manufacturing and industry more broadly," she said.

The expansion will inflame environmentalists, who oppose any new **gas** drilling. But Australia's east coast faces a looming crisis as offshore **gas** from Victoria's Bass Strait - the traditional bedrock of the country's supplies - rapidly depletes.

The Australian Energy Market Operator has warned the country must urgently unlock new supplies to prevent a catastrophic shortfall but new developments are struggling to secure regulatory approvals and/or the support of local communities.

Analysts have warned the country's \$2.5 trillion economy will be significant harmed by a shortfall. The manufacturing sector is particularly exposed with **gas** its only viable energy source, and any interruptions could threaten their viability.

Households could also be disrupted. Victoria is the most **gas**-dependent state, relying on the **fuel** source to heat homes, and a shortfall could make heating prohibitively expensive.

Other states will also be hit. **Gas** is used as a so-called peaker, burnt to provide electricity during periods of high demand or low supply from other fossil fuels or renewables. If Australia's National Electricity Market has insufficient **gas** on hand, the price of electricity will spike. Higher electricity bills was a key driver behind Australia's spike in inflation, which in turn forced the Reserve Bank of Australia to raise interest rates 13 times.

With a looming shortfall, **gas** developers have insisted governments fast-track applications, a request that the federal Labor government has refused - insisting it must properly assess each application. The **gas** industry has accused the government of slow walking, which indicates its support for **gas** - a claim denied by Labor.

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