



Shell well flare in Qld fuels east coast gas hopes

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Body

An apparent **gas** strike by energy giant **Shell** deep underground in onshore Queensland has fuelled industry hopes of a potential major new source of energy that could ease the threat of shortages in the tight east coast market.

Flames from a well drilled by **Shell** in the Taroom Trough at the southern edge of the Bowen Basin have stoked speculation that the little-known region could emerge as a new supply source that lies much closer to pipeline infrastructure than the Northern Territory's remote Beetaloo Basin.

The **gas** flare from the well, a photograph of which has been seen by The Australian Financial Review, signals one of the first instances of **gas** flowing to the surface in the region.

The Taroom Trough lies close to Queensland's **gas** hub at Wallumbilla, north-west of Brisbane, and wells being drilled are targeting unconventional **gas** at a depth of 2500-3500 metres, much deeper than coal seam **gas** wells.

While **Shell** declined to confirm the **gas** flow, MST Marquee energy analyst Saul Kavonic said the region, which he described as the most anticipated exploration play on the east coast over the next two years, held significant potential. "If they can prove horizontal wells work in this tight coal seam **gas** play, it could open up several more tcf [trillion cubic feet] of **gas** for the east coast," Mr Kavonic said, noting ASX-listed juniors Elixir Energy and Omega **Oil** and **Gas** Ltd are also in the area.

"This is the only new exploration play with that potential, which is also close to infrastructure," he added, pointing to the greater infrastructure and funding constraints around large **gas** resources in the Beetaloo and the northern Bowen Basin.

Shell is drilling three appraisal wells in the area "as part of early-stage exploration in the Bowen Basin", a spokeswoman said. "The data will be analysed and will inform any further exploration."

The apparent early success comes as output from the east coast's biggest supply source for the domestic market, the mature Bass Strait petroleum fields held by ExxonMobil and Woodside Energy, has started to dive, risking shortfalls on **gas** on peak winter days, especially in Victoria.

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Production from the Longford plant that processes Bass Strait gas plunged 18.2 per cent in the June quarter, according to consultancy EnergyQuest, noting that peak supply shortfalls hit the east coast in 2022 and again this past winter.

The firm said that exploration and appraisal success by Elixir and Omega was raising hopes that the Taroom Trough could be "a genuine new source of material supply to the east coast gas market and even backfill for Queensland LNG projects".

EnergyQuest CEO Rick Wilkinson said the flare reported at the Shell site "seems to indicate more gas is flowing than the vertical well tested recently by Elixir", which he said was a "good sign" for the application of horizontal well technology.

Accessing gas held in such deep sands typically requires the use of horizontal drilling - as used in the US shale gas industry - and fracking, a controversial process that helps gas to flow.

Elixir and Omega, between them, have almost 3 trillion cubic feet of "contingent resources" - an uncertain measure of resource - in "tight" sandstones in the Trough, while Shell advised the Queensland government in 2021 that its own acreage in the area could hold three tcf of gas resource, EnergyQuest said.

It said Shell's investment in a program of multiple, stimulated horizontal wells costing between \$100 million and \$200 million "adds a lot of credibility". Elixir, chaired by coal seam gas entrepreneur Richard Cottee, late last month reported a successful flow of gas to the surface from its Daydream-2 well in the area.

Omega, which is backed by Queensland coal seam gas pioneer Tri-Star Group and Brian Flannery's Ilwella Group, is now moving the rig used by Shell for its wells to its Canyon site where it expects to start drilling a well on September 20 to test the flow of gas in its acreage for the first time.

"If we're successful here this could be the next big wave of development post the coal seam gas wave," said Omega CEO Trevor Brown, a former vice president geoscience at Santos.

He said that while the Beetaloo Basin was more advanced in terms of proving up the flow of gas, the Taroom Trough had several compelling reasons that gave it a quantifiable commercial advantage.

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