

## Bow deal could lure more suitors

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Confirmation that gas plays Bow Energy and Liquefied Natural Gas are in talks to revive the stalled Fisherman's Landing LNG project in Queensland have fuelled speculation that Bow could be in play.

*The Australian Financial Review* yesterday revealed that LNG Ltd believed it was about a month away from locking in a deal over Fisherman's Landing, with market rumours suggesting a deal with Bow was the most likely outcome.

Yesterday, Bow and LNG Ltd confirmed to the Australian Stock Exchange that they were in talks with one another.

"Bow advises that it has been in discussions with the board of LNG Ltd on a number of potential commercial arrangements," Bow said in a statement.

But Wilson HTM analyst John Young said confirmation of the talks could spur interest in Bow from Queensland's existing LNG proponents such as BG Group, who could use Bow's reserves to underpin future expansions of their proposed developments.

"Companies such as Bow that have large gas reserves and resources that are well located in respect to Gladstone would be of strategic interest to a company like BG, either through a gas sales agreement or potentially acquiring a company.

"It's possible as a result of discussions progressing with LNG Ltd that this may trigger interest from some of the other parties ... who might think they don't want that gas locked up into a small-scale LNG project," Mr Young said.

Bow is the largest holder of coal seam gas reserves in Queensland not already aligned to one of the state's proposed LNG projects.

LNG Ltd, meanwhile, had been working with Arrow Energy to develop a small-scale plant at LNG Ltd's Fisherman's Landing site fed with coal seam gas from Arrow's Queensland acreage. That alliance fell apart after international energy giants Royal Dutch Shell and PetroChina launched a \$3.4 billion takeover bid for Arrow.

While the large-scale LNG developments proposed for Queensland by the likes of BG Group, Santos and Origin are yet to receive full environmental approvals, LNG Ltd already has almost all of its required permits.

Any amalgamation of the Bow and LNG Ltd projects would, however, place a financial burden on the pair. Arrow, which was far larger than Bow is now, had been looking at raising over \$2 billion when it was working on Fisherman's Landing. The pressure of such large financing contributed to its pursuit of a deal with Shell and PetroChina.

The pair would also need to secure a committed customer for the plant's production, something that both Santos and Origin have been struggling to secure for their own LNG projects recently.

LNG Ltd managing director Maurice Brand last week said the company was in talks with potential partners who could help finance the development and contribute to securing sales contracts.

Shares in Bow climbed 7¢ to \$1.36 yesterday. LNG rose 8.5¢ to 68¢.

The Australian Financial Review

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