



📷 State Gas executive director Greg Baynton. Picture: Supplied.

QLD Business

State Gas shares ignite in IPO

Glen Norris, The Courier-Mail

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SHARES of State Gas surged 75 per cent on Tuesday after the Brisbane-based company became the first east coast gas developer to debut on the ASX in more than decade.

The company, which raised \$5.25 million in its initial public offering, closed at 35 cents a share, a 15 cent premium to its 20 cent a share issue price.

Investors are betting a national gas shortage will mean fuel from State Gas' conventional

gas field in the Bowen Basin will be in demand in coming years. It was the first IPO of an east coast gas developer-explorer since Pure Energy Resources in 2006.

The company plans to pipe the gas to the main Queensland Gas Pipeline about 50km away where it will connect with the broader east coast gas market.

The reserve, about 30 kilometres southwest of Rolleston, was first explored in the 1950s by a US company looking for oil.

No oil was found but a large gas reserve containing up to 20 years of supply was located. Because at the time gas was not used a lot by industry, the reserves were largely forgotten,

State Gas executive director Greg Baynton said two factors now made the reserves economical. Firstly, gas prices had soared in recent years on the back of a supply shortage, and secondly, there was now a gas transmission pipeline located relatively nearby.

“I am not surprised the shares are trading at a premium because there is a gas crisis in this country,” said Mr Baynton.

“We are concentrating on getting that gas to market as quickly as possible.”

Funds raised by the IPO will be used to drill new wells and survey a pipeline.

State Gas chairman Tony Bellas said it was an exciting time to be an investor in companies supplying the gas market given the current conditions.

“The gas industry on the east coast is undergoing significant structural change with the growth of demand from the Queensland-based LNG export industry causing a tight supply market,” said Mr Bellas.