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# Shale billions in balance

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Billionaire New York-based investors the Ziff brothers plan to revive the failure-plagued oil shale industry in Queensland with a mining project worth as much as \$14 billion near the Great Barrier Reef Marine Park.

At its peak the development, which may include an open pit mine on the present site of the Whitsunday Coast Airport, is set to increase the region's population by at least 16,000, according to Queensland government documents obtained by the *Weekend AFR*.

Ziff consultants have already held talks with the Queensland government, which is examining how the region will cope with the extra residents and is considering relocating the Whitsunday Coast Airport at Proserpine, which would make room for the mine, according to government documents.

## KEY POINTS

- ▶ **The Ziff brothers are weighing a huge shale development off Queensland.**
- ▶ **The project, if realised, would have enormous flow-on effects for the local and wider economy.**

The government is expected to be concerned about the reaction from environmental groups to a mine so close to the Great Barrier Reef Marine Park. "The potential for damage to the natural image of the Whitsunday tourism industry and real estate is huge," said Suzette Pelt, a local tourism operator and spokeswoman for Save Our Foreshore.

The Ziff brothers' Queensland Energy Resources is studying the development as oil prices remain above \$US90 a barrel. It acquired the shale deposits from the receivers of Southern Pacific Petroleum, which had estimated it needed an oil price of about

\$US30 to be economically viable.

Oil shale is a type of crude oil tightly locked into sedimentary rocks, and the shale is usually dug up and processed by heating it to get the oil out. Previous attempts to mine oil shale in various regions in Australia, including Gladstone, have failed due to technical and economic issues.

As the Ziff brothers – who made their fortune from the sale of their father's publishing empire – weigh the options for their mine, the government is considering whether it will close the Whitsunday Coast Airport at Proserpine and relocate it to Laguna Whitsunday Airport, according to the expression-of-interest document for the Whitsunday region airport.

According to the EOI document, the proposed Proserpine airport expansion is partially located over the oil shale deposit at Proserpine, which contains an "in situ identified resource of approximately 9.7 billion barrels,

much of which is considered economically extractable".

"If all the environmental and other approvals were obtained and the deposit was developed to its full potential, the mining operations would be on a significant scale."

A senior Queensland government executive said if QERL proceeded it would confine mining to the west of the Bruce Highway.

QERL said it was still drilling exploration holes and working on a preliminary study of a development of the Condor deposit.

"We don't anticipate finishing that evaluation for another six months," director of corporate affairs Simon Eldridge said. "We've made no commitment. People should not get too excited."

Landowners can expect a windfall, particularly developer David Marriner, if an international airport is developed at his project Laguna Quays. Mr Marriner declined to comment.