



Next gas hotspot

AWAY from landlocked Botswana and taking in the breeze from the Indian Ocean you will find two small Australian oil and gas explorers plugged into the fast-emerging contender for the world's next gas export hotspot, one that could well compete with the Australian industry for the all-important Asian customer base.

The hotspot we're talking about is the so-called East African margin, offshore Somalia to the north and Mozambique to the south, and home to LNG-scale discoveries off Mozambique and Tanzania to date, with Kenya and other neighbouring countries expected to follow in time. The two small Aussies plugged into the hotspot are Far (FAR) and Pancontinental Oil & Gas (PCL), both of which have about doubled in price in recent weeks. Their share price strength is a reaction to the East African margin coming into sharp focus with Shell's \$US1.6 billion (\$1.4bn) bid for one of the London-listed junior players in the region, Cove Energy. Thailand's PTT Exploration & Production topped that with a \$US1.7bn bid.

The bids for Cove have got the market thinking about the potential for Far (Kenya) and Pancontinental (Mozambique/Kenya) to be swept up in a regional power play by the major oil and gas groups, be it at the project or corporate level.