Business hit as Santos leaves millions unpaid

A MAJOR Queensland gas pipeline contractor has gone to the wall with liquidators claiming the company is owed millions by energy giant Santos.

Murarrie-based pipeline contractor Lean Field Developments collapsed earlier this year owing creditors about $30 million. Lean Field directors have attributed part of the company's woes to slow payment by Santos.

Liquidators from Deloitte Touche Tohmatsu claim Santos owes Lean Field an estimated $6.3 million for various work on the 420km gas pipeline from the Surat and Bowen basins to Curtis Island, near Gladstone.

Lean Field directors had complained there was an inability to collect money owed by Santos with the gas giant advising earlier this year that a $4.1 million payment due in February would be more than a month late.

Scores of smaller mum and dad sub-contractors have been caught up in the collapse and are expected to receive as little as 3¢ for every $1 owed to them. Lean Field employed more than 200 staff.

Santos earlier this year flagged writedowns and cuts to its oil and gas reserves as it joined the list of energy players hit by the commodity price fall.

BUSINESS P44

ssDaily

CHRIS HERDE REVEALS LATEST MEGA PROPERTY DEALS

PRIME SITE TOMORROW

ALL ORDINARIES	BEST & WORST ASX 50	$A	OIL BRENT	IRON ORE
5024.60	OIL SEARCH $6.37	US CENTS 75.64 ¢	$US PER BARREL $36.76	$US PER TONNE $54.75
+24.20 +0.48%	+.32 +5.29%	-0.3 -0.38%	+1.33 +3.75%	-0.05 -0.09%
	WESTPAC $28.68			
	-.45 -1.54%			

Lean Field liquidators call on resource giant Santos to pay up for work

Chase for $6m in the pipeline

GLEN NORRIS

RESOURCES giant Santos has been embroiled in a $6 million dispute over allegedly unpaid work on its central Queensland LNG pipeline.

Murarrie-based Lean Field Developments went into voluntary administration earlier this year owing creditors about $30 million.

Liquidators from Deloitte Touche Tohmatsu claim Santos owes Lean Field an estimated $6.3 million.

Santos has denied the liquidator's claim, which relates to work on GLNG's 420km gas pipeline from the Surat and Bowen basins to Curtis Island, near Gladstone.

Scores of smaller sub-contractors have been caught up in Lean Field's collapse and are expected to receive as little as 3¢ for every $1 owed.

Lean Field joins a growing number of pipeline contractors going under as work dries up on gas projects in Queensland and energy prices remain depressed.

Engineering and construction company WDS, which also counted Santos as a customer, went into liquidation late last year.

Santos earlier this year flagged writedowns and cuts to its oil and gas reserves as it joined the expanding list of energy players hit by the slump in commodity prices.

Lean Field directors complained there was an inability to collect money owed by Santos, with the gas giant advising earlier this year that a $4.1 million payment due in February would be more than a month late.

A Santos spokesman said there was now a process in place to determine the amount of any money owed. That process was not completed.

"Santos wants to see any amount that may be owed is made available through the legislative process to subcontractors who completed work and were not paid by Lean Field Developments," the spokesman said.

Lean Field had offices and facilities in Australia and Canada and employed more than 200 staff on projects across Australia.

Lean Field also did work on the Queensland Curtis LNG project, now operated by Shell.

Toowoomba-based Ryvil Industries is owed about $900,000 by Lean Field after working on building the Santos pipeline in the Roma area.

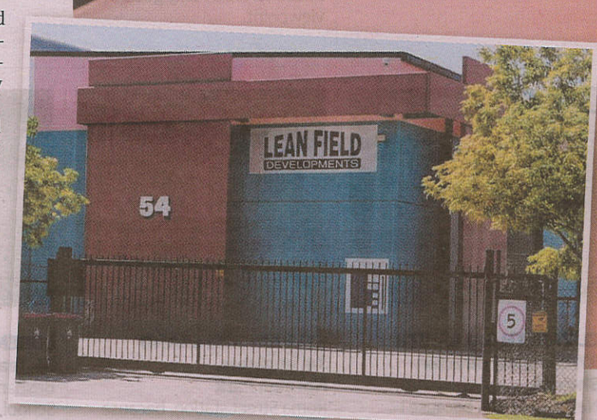
"We are in a bad way," a company spokesman said. "We have had to knock back work because we do not have the cash."

Sunshine Coast-based Sunstate Pipelines is owed more than $100,000 by Lean Field.

"We had a lot of trouble getting paid after October last year," a spokesman said.

"When I rang Lean Field on February 9, I was told the money would be in the bank the next day. The next day the administrators walked in."

Deloitte liquidator Richard Hughes told Lean Field creditors last month that secured creditors and employees would have to be paid first before unsecured creditors received anything. Secured creditors include Canadian bank Alberta Treasury Branch, which is owed $3 million, and the Federal Government-owned Export Finance and Insurance Corporation, which is owed $2 million. Mr Hughes said that, despite a marketing campaign to sell the company, no offers had been made and therefore its assets would be sold off.



RIPPLE EFFECT: QCLNG pipeline project (above) that Lean Field Developments worked on. Inset: Lean Field's abandoned Murarrie office yesterday.

LEAN TIMES

$30M
WHAT LEAN FIELD DEVELOPMENTS OWES CREDITORS

$6.3M
WHAT SANTOS ALLEGEDLY OWES LEAN FIELD FOR GLNG PIPELINE

3¢
AMOUNT IN THE DOLLAR SMALL SUBCONTRACTORS LIKELY TO RECOVER

200
NUMBER OF PEOPLE WHO WORKED AT LEAN FIELD