

Failed CSG contractor Ostwald attracts bidder interest



Ostwald grew quickly thanks to the boom in coal seam gas in the Surat Basin. Glen Hunt



by Angela Macdonald-Smith

Fifteen parties have signed confidentiality agreements to examine the books of collapsed privately owned contractor Ostwald Brothers, which rode high on the coal seam gas boom in Queensland earlier this decade but fell into administration last week.

The family-owned engineering and construction services company, the biggest employer in Dalby, called in Derrick Vickers and Sam Marsden at PwC as administrators.

Managing director [Brendan Ostwald](#) blamed "the significant downturn in mining and infrastructure" for the demise of the company, which worked in roads and mine development as well as coal seam gas infrastructure.

As one of the first contractors to work on Surat Basin energy projects, Ostwald completed work for all three of the major coal seam gas-based LNG ventures, as well as for Shell's Arrow Energy venture, carrying out initial bulk earthworks as well as building drill pads, well infrastructure, water treatment plants and pipelines.

By 2012, the coal seam gas sector had driven fast growth and accounted for more than half its business. It had grown from a one-man operation with a single scraper in 1990 to a major regional employer with more than 300 earthmoving and construction vehicles.

Ostwald owes about \$31 million to 536 unsecured creditors, with a further \$30 million owed to the main secured creditor, according to PwC, which noted the figures were preliminary as the administrators were still working through claims.

Mr Ostwald said management had explored ways to keep the 27-year-old company afloat including having downsized, selling major assets and, more recently, attempting to refinance and sell the business.

But he said commercial issues on two major infrastructure projects had hit cash flow and forced the decision to call in administrators.

After initially standing down all of Ostwald's 470 employees, the administrators made 260 employees redundant, while another 140 others were earmarked to potentially return to work early this week.

PwC said the parties that have signed confidentiality agreements to get into the data room are potentially interested to either buying or restructuring the business, which works across the energy, mining, agriculture and haulage sectors.

The first meeting of creditors is scheduled for Wednesday September 6.