



Tuesday, 15 July, 2008

## ANNOUNCEMENT

### **BECHTEL WINS QUEENSLAND CURTIS LNG CONTRACT AS PROJECT ENTERS FEED**

The Queensland Curtis LNG Project has secured Bechtel Oil, Gas and Chemicals, Inc. as the project contractor for its proposed LNG plant near Gladstone in Australia.

The project, an alliance between Queensland Gas Company Limited, of Australia, and BG Group plc, of the United Kingdom, will develop coal seam gas from the Surat Basin in Queensland for Australian and international markets.

Bechtel, one of the world's leading LNG contractors, was recently named the top United States contractor for the tenth consecutive year by *Engineering News-Record*, a leading US trade publication for the construction industry.

The company has built about one-third of all LNG production capacity worldwide.

Under the agreement with Bechtel, front-end engineering design (FEED) of the plant will begin immediately. A seamless transition into procurement and construction will follow a final investment decision (FID) on the project, scheduled for early 2010.

The plant is being designed with one production train initially to supply 3 to 4 million tonnes of LNG a year for export markets, with potential expansion, via additional trains, to up to 12 million tonnes a year subject to additional gas reserves.

BG Group's Executive Vice President of the Americas and Global LNG, Martin Houston, and QGC's Managing Director, Richard Cottee, welcomed Bechtel's involvement.

"BG Group and Bechtel have had a long association and have constructed a total of six LNG trains in which BG has an interest in Egypt and Trinidad and Tobago," Mr Houston said.

"In addition to this, Bechtel has constructed LNG export facilities in Algeria, Indonesia, the United Arab Emirates, Equatorial Guinea and Libya.

"Bechtel also constructed the Darwin LNG plant, giving it a tremendous local experience base from which to embark on this project and we are delighted to award it a committed role in our Queensland LNG project."



Mr Cottee said: “The confirmation today is another important milestone in the steady progress of the Queensland Curtis LNG Project.

“With its substantial experience in global LNG plant construction, Bechtel is a natural choice for our project.”

As part of the engineering work, Bechtel will refine its development of the ConocoPhillips Optimized Cascade Process, which the parties agree is best suited to a plant supplied by coal seam gas. Using this technology, gas is cooled and ultimately liquefied through three cycles of refrigeration.

“The cascade process will provide greater flexibility for this project, which is on schedule to be the first LNG plant in the world using coal seam gas,” Mr Cottee said.

The cascade process has a long history of successful operation. It was first used in Alaska at the Kenai LNG plant built by Bechtel in 1969.

The Queensland Curtis LNG Project is being developed to provide an export channel to the LNG market.

QGC has pursued an aggressive drilling campaign for several years and its development program was reflected in a recent reserves upgrade. The project was also recently granted significant project status by the Queensland Government.

### **Notes for Editors**

#### **The QGC-BG Alliance**

On 1 February 2008, BG and QGC announced an alliance to develop QGC’s world-class coal seam gas resource in the Surat Basin in Queensland for further domestic gas and electricity markets, and to supply an LNG export terminal near Gladstone on the Queensland coast.

The alliance combines BG’s significant global development and production expertise, and LNG technical, sales and marketing capabilities, with QGC’s world-class resource holdings in Australia and expertise in coal seam gas exploration and production.

Within the alliance, BG has acquired a 20 per cent interest in QGC’s coal seam gas assets in the Surat Basin, interests in the Condamine Power Station project, and a 9.9 per cent equity stake in QGC.

BG will also acquire a further 10 per cent interest in QGC’s coal seam gas and other assets on the parties meeting certain other commercial conditions.

### Queensland Curtis LNG Project

The project, which has been declared significant by the Queensland Government, is being assessed for its environmental and social impact. The project comprises:

- **Gas Field** – the expansion of QGC’s coal seam gas operations in the Surat Basin to provide gas for LNG production facilities (trains) and gas for domestic markets. QGC operates the gas fields in which QGC has an 80 per cent interest and BG 20 per cent;
- **Pipeline** – the development, construction and operation of a main gas pipeline of about 380km, capable of supplying gas for three LNG trains, together with a network of gas connection pipelines, to link the coal seam gas resources to the LNG plant. QGC operates the pipeline which is equally owned by BG and QGC; and
- **LNG** – the development, construction and operation of an LNG processing plant and export facility in the Gladstone area with an ultimate capacity of up to 12 million tonnes a year. Nominally this will comprise three LNG trains, each of 3 to 4 million tonnes a year production capacity. First LNG production is planned for late 2013. BG operates the LNG plant in which BG has a 70 per cent interest and QGC 30 per cent.

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### Media inquiries

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For further information see the Queensland Curtis LNG website:

[www.qclng.com.au](http://www.qclng.com.au)