

QC LNG NEWS

October 2008



BG Group's Elba Island regasification plant in Georgia, U.S.



**QUEENSLAND
CURTIS LNG**

A BG Group – QGC Alliance

Queensland Curtis LNG represents a major investment in Queensland's coal seam gas industry to unlock new supplies of cleaner energy for domestic and export markets.

Project on track

The Queensland Curtis LNG Project is now well underway and on track.

The project, an alliance between Queensland Gas Company Limited and BG Group, is focused on developing Queensland coal seam gas for Australian and international markets.

Much progress has been made in the few short months since Queensland Curtis LNG was declared a "significant project" by the Queensland Government in July 2008.

Studies have begun to ensure that the proposed development is environmentally and socially acceptable.

This assessment will result in an environmental impact statement, sometimes referred to as an EIS, that will explain the project in detail and outline its potential environmental, social and economic impacts.

The statement will also describe how the project intends to avoid or manage impacts and maximise benefits for local communities in the project area, and for Queensland.

When completed, the environmental impact statement should provide all the information that the Queensland and Australian Governments require to make an informed decision about the merits of the project and its impacts.

Input from community members and other stakeholders is integral to preparing the environmental impact statement.


This means people will be consulted widely, from Dalby and Chinchilla in the south through to Gladstone and Curtis Island in the north.

This newsletter outlines what we're doing and how you can become involved.

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Stakeholders are a valuable source of information about the project area.

Draft terms of reference

The Queensland Government, in consultation with the Australian Government, sets out specific matters – referred to as draft terms of reference – to be studied as part of the environmental impact statement.

The draft terms of reference are advertised nationally and outline what the environmental studies will assess and how they are to be undertaken.

Queensland Curtis LNG's draft terms of reference require detailed assessment of existing conditions and potential impacts or benefits of the project relating to:

- Cultural heritage, including indigenous and historic heritage in the study area
- Social and economic conditions
- Ecological habitats and flora and fauna
- Health and safety
- Topography, geology and soils
- Land use
- Infrastructure
- Climate, greenhouse gases and carbon offsets
- Waste management
- Transport and traffic issues
- Workforce requirements
- Housing requirements
- Water resources
- Air quality

- Noise and vibration
- Hazards and risks
- Cumulative impacts

When the Queensland Government advises that the full draft terms of reference are available they may be viewed at:

www.dip.qld.gov.au/projects/energy/gas/curtis-lng-project.html

Stakeholders are a valuable source of information about the project area and we encourage you to comment by making a submission on the draft terms of reference.

Making a submission helps ensure that all relevant issues are addressed by the environmental impact statement.

The terms of reference will be finalised after public comment has been considered by the Queensland Government.

The final terms of reference will then be displayed on the Queensland Department of Infrastructure and Planning's website and provided to Queensland Curtis LNG for guidance.

How to provide feedback

We encourage you to have a say. Submissions on the draft terms of reference should be made in writing directly to the Queensland Government via:

Mr Doug Carey
Project Manager - Queensland Curtis LNG Project (BG-QGC)
Department of Infrastructure and Planning
Significant Projects Coordination
PO Box 15009
City East QLD 4002
Ph: +61 7 3234 0518
Fax +61 7 3225 8282
Email: doug.carey@dip.qld.gov.au

Submissions should be typed or legibly printed, and signed by each person making the submission. They should set out:

- The names and addresses of each person making the submission
- Facts or grounds relied on in making your submission (the reasons behind your submission)
- What you recommend should be changed or added to the terms of reference.

Submissions must be lodged by the date posted on the www.dip.qld.gov.au and www.qclng.com.au websites.

Queensland Curtis LNG Project news

Gladstone office

Queensland Curtis LNG will open a project office and information centre in Gladstone in late 2008.

The centre, in Goondoon Street, will provide information, displays and other educational resources about the project in particular and LNG in general.

Our Gladstone Manager, Rosalyn Mann, will be on hand to answer questions and discuss opportunities for companies and individuals to become involved in the project.

Bechtel appointed

In July 2008, Bechtel Oil, Gas and Chemicals Inc was appointed the project contractor for the proposed LNG plant.

Bechtel, one of the world's leading LNG contractors, has built about one-third of all LNG production capacity worldwide.

Under the agreement with Bechtel, front-end engineering design of the plant is to begin immediately.

Bechtel has had a long association with Gladstone and with BG Group around the world.

Commonwealth approval

Certain actions involved in the project require approval by the Australian Government under its key piece of environmental legislation, the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC).

Under the Act, approval from the Federal Minister for the Environment, Heritage and the Arts is needed for any action likely to have an impact on matters of national environmental significance.

To determine whether approval is required, a "referral" is submitted to the Environment Minister for consideration.

BG names LNG president

In August 2008, BG Group, one of the partners in Queensland Curtis LNG, appointed Les Guthrie as its President, LNG, to manage the company's interests in the project.



Les will oversee planning, environmental assessment, design and construction of the proposed LNG plant and will be responsible for its ongoing operations on behalf of BG Australia and Queensland Gas Company.

Les, 54, has significant worldwide experience in project management and was previously BG Group's General Manager, Projects, based in the United Kingdom.

Born in Scotland, he moved to Australia 27 years ago.

Queensland Curtis LNG lodged its referrals, including descriptions of the project and its components, in August 2008.

These are available at:
www.environment.gov.au/epbc

In September 2008 the Federal Minister for the Environment determined that the nine aspects of the project referred by Queensland Curtis LNG were "controlled actions", requiring assessment and approval by the Minister before they can proceed.

These actions relate to gas field development, the pipeline network, onshore facilities, shipping activities and other infrastructure such as roads.

What we're doing

When the Queensland Curtis LNG Project was announced in February 2008 the groundwork for consultation and investigative studies began.

You may have noticed Queensland Curtis LNG Project teams in the field in your area.

Their work will guide planning for coal seam gas development, pipeline corridors and design options for the proposed LNG plant on Curtis Island, near Gladstone.

Findings and feedback will contribute to the environmental impact assessment.

Queensland Curtis LNG Project teams have also initiated technical studies looking at existing conditions for matters determined by the draft terms of reference.

The project has received a survey licence from the Queensland Government to conduct field investigations of the pipeline route.

A significant study of the potential impact on Gladstone's air quality is also under way.

The results will be incorporated into project planning to ensure the city's air quality remains well within acceptable health standards.

In conjunction with this, consultation and community engagement has started with government agencies, local councils, the Gladstone Ports Corporation, community organisations and interested individuals.

Consultation with indigenous groups about cultural heritage and Native Title is also beginning.

Project background

Queensland Curtis LNG is an alliance between Queensland Gas Company Limited and BG Group to develop Queensland coal seam gas for Australian and international markets. Key elements of the project involve:

- An expansion of Queensland Gas Company's Surat Basin gas production operations near Chinchilla
- A 380km pipeline to Gladstone on the Central Queensland coast, and
- A liquefied natural gas, or LNG, plant at Curtis Island.

The alliance leverages Queensland Gas Company's extensive expertise in coal seam gas exploration and production with BG Group's experience in LNG plant operation, shipping and marketing natural gas to high-value markets.

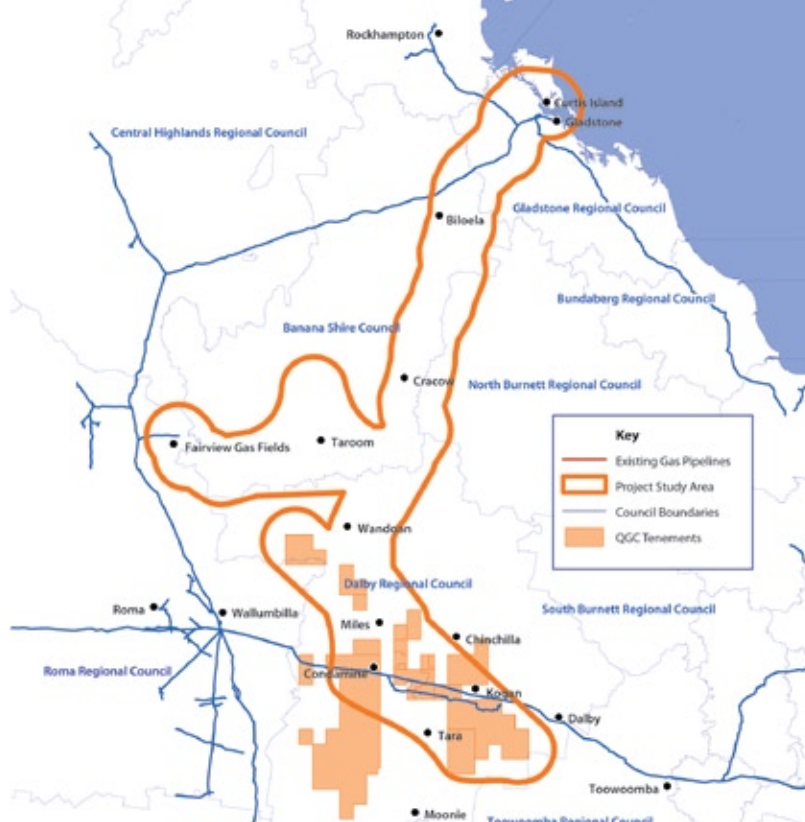
Queensland Gas Company is one of Australia's leading coal seam gas producers and one of Queensland's largest companies. Its world class reserves in the Surat Basin are projected to supply around 20% of the Queensland gas market in 2009.

The company's proved (1P) and proved and probable (2P) reserves were upgraded in mid-September for the second time in 10 weeks, rising 16% and 12% respectively. The upgrades, a boost to the Queensland Curtis LNG Project, provided further proof of Queensland Gas Company's ability to prove up large amounts of gas in the key 1P and 2P categories in a relatively short period.

BG Group is one of the world's leading energy companies, with six production trains of liquefaction capacity in Trinidad and Egypt and regasification terminals on both sides of the Atlantic. The company is the largest international oil company operator of LNG ships.

BG Group has operations in 27 countries on five continents, and Queensland Curtis LNG is one of its priority projects.

At the same time, Queensland Curtis LNG will represent one of Australia's largest capital infrastructure projects, with estimated initial expenditure of \$8 billion.



Project study area map

In stage one of the project, the LNG plant will supply 3-4 million tonnes of LNG a year for export markets.

A second stage, the building of a second processing train within the LNG plant, is likely to follow six to 12 months later, with potential beyond that for expansion to 12 million tonnes of LNG a year.

Gladstone will be the first LNG centre in the world to use coal seam gas to supply a major LNG facility.

The project is well on track and pending approvals, construction on the LNG plant is scheduled to begin in early 2010, ahead of first LNG production in late 2013.

Liquefied natural gas explained

Liquefied natural gas, also known as LNG, is natural gas that has been cooled until it becomes a liquid so it can be easily transported and stored.

LNG is odourless, colourless, non-corrosive and non-toxic.

The Queensland Curtis LNG Project will source coal seam gas from underground reservoirs in the Surat Basin and transport it via a buried pipeline to the proposed LNG plant.

There, the gas will be cooled to about -162°C, using the same principles at work in a household refrigerator or air-conditioning unit.

At this temperature, the natural gas liquefies and takes up 1/600th of its original volume. In the liquefaction process impurities, such as carbon dioxide, are removed from the gas before it is cooled.

In this form, it can be transported safely and economically at atmospheric pressure in large vessels. When LNG is returned to ambient temperature, it becomes the same natural gas used to cook meals, warm homes, and power cars, buses and power stations.

Transportation

LNG is transported in specially insulated, double-hull tankers that usually carry about 125,000m³ to 170,000m³ of gas, enough energy to power every household in Brisbane for about four-and-a-half weeks.

The LNG remains at -162°C during transit and ships are often powered by the gas they carry.

The global fleet of LNG ships currently comprises around 200 vessels and more than 20 of those are operated by BG Group, a partner in the Queensland Curtis LNG alliance.

Project calendar*	Environmental impact statement	Community engagement
Oct to Dec 2008	<ul style="list-style-type: none"> Public display of draft terms of reference by Queensland Government Review of public and agency submissions Baseline studies 	<ul style="list-style-type: none"> Community and agency submissions on draft terms of reference Stakeholder briefings Information - newsletter and website Enquiry line
Nov 2008 to Mar 2009	<ul style="list-style-type: none"> Technical studies Consultation Impact assessment Mitigation development 	<ul style="list-style-type: none"> Stakeholder meetings and interviews Property and land access consultation Cultural heritage consultation Native Title negotiations Consultation with Government agencies
April to May 2009	<ul style="list-style-type: none"> EIS report exhibition Review of public and agency submissions 	<ul style="list-style-type: none"> Community and agency submissions on EIS
June to July 2009	<ul style="list-style-type: none"> EIS supplementary report 	<ul style="list-style-type: none"> Community partnership consultation Consultation with Government agencies
Aug to Sept 2009	<ul style="list-style-type: none"> Queensland Government review of EIS and supplementary report 	<ul style="list-style-type: none"> Community partnership consultation Consultation with Government agencies
Nov 2009	<ul style="list-style-type: none"> Commonwealth Government review of EIS 	<ul style="list-style-type: none"> Ongoing engagement

*Dates are indicative



Benefits, construction and employment

Queensland Curtis LNG represents a major investment to unlock Queensland's vast reserves of coal seam gas, creating new supply options for at least two decades and helping Australia's gas market to grow.

Key benefits include:

- A significant investment in gas extraction and transportation, offering greater opportunities for gas producers and increased choice for consumers
- Unlocking new supplies of natural gas, a relatively clean and efficient source of energy with about half the carbon dioxide emissions of coal
- The provision of about 3600 jobs during construction and more than 800 jobs when operational

- The generation of substantial royalties and tax revenues for the Queensland and Australian Governments
- Increased demand for goods and services in Surat Basin communities and in Gladstone
- The potential to deliver a new supply of water, a by-product of coal seam gas production, to communities in southern Queensland.

Across its various components, the Queensland Curtis LNG project will provide about 3600 jobs during construction and more than 800 jobs when operational.

Construction of the LNG plant on Curtis Island will account for most of the workforce, requiring around 3000 people at peak plus a further 100-200 full-time personnel to operate the facility.

Construction of the main pipeline to Gladstone will provide employment for approximately 400 people during the peak period, with a further 100-200 people required at various times to construct the interconnecting pipeline network.

As part of the environmental impact assessment, Queensland Curtis LNG will investigate the potential impacts of the workforce on existing communities and how best to manage any impact.

Bechtel Oil, Gas and Chemicals Inc, one of the world's leading LNG engineering contractors, will be responsible for helping co-ordinate labour and supplier requirements.

Interested parties are invited to register their interest in working on the project via the Bechtel website www.bechtel.com/australia or by emailing brisbane.opportunities@bg-group.com.

Community consultation underway

As part of the assessment process, Queensland Curtis LNG has started examining the potential environmental, social and economic impacts of the project. This work began in February 2008 and is anticipated to take 12-18 months in total.

Queensland Curtis LNG believes that understanding the community's concerns and expectations is an important part of these studies.

This will involve thorough consultation and working with the community to develop sustainable and mutually beneficial partnerships.

Project team members will be available throughout the study area to help ensure that all interested people and organisations have their say.

If you would like to hear more about the project, the environmental and socio-economic studies or the consultation process please call or email us, describing your area of interest.

Email: info@qclng.com.au
Toll-free: 1800 030 443

Indigenous consultation

Queensland Curtis LNG is beginning consultation with indigenous people throughout the study area.

This will include understanding connections to country, cultural heritage processes, consultation about impacts and Native Title negotiations.

Indigenous people and groups with interests in the study area who would like to find out more about the project are encouraged to call us toll-free on 1800 030 443.

Contact

If you would like more information about the Queensland Curtis LNG Project please contact us at:

Email: info@qclng.com.au
Toll-free number: 1800 030 443
Website: www.qclng.com.au