

7 February 2010

## **QGC to commit to more than US\$3 billion in contracts for Queensland Curtis LNG Project**

QGC, a BG Group business, will commit to contracts for long-lead items valued at more than US\$3 billion in the first half of 2010 as it advances plans for its Queensland Curtis LNG Project on Curtis Island near Gladstone.

This commitment follows BG Group's announcement on 5 February 2010 that Bechtel Oil, Gas & Chemicals, Inc. has been awarded the engineering, procurement and construction contract for the Queensland Curtis LNG plant.

Bechtel has been issued an initial notice to proceed, as part of the US\$3 billion commitments, to order long-lead items for the LNG plant such as compressors and storage tanks and to begin preparations for initial site construction.

QGC will also begin to commit to orders for materials and equipment for gas field development and construction of the collection header pipeline and 340km, 42-inch main export trunk line which will transport gas to Gladstone from QGC's coal seam gas acreage in the Surat Basin in southern Queensland.

Gas field and pipeline long-lead items will include pipeline materials, compressors, electricity transmission infrastructure, equipment for water treatment facilities and rail, road and bridge upgrades.

Construction will begin after BG Group has made a final investment decision on the Queensland Curtis LNG Project later this year following receipt of Queensland and Federal Government environmental and regulatory approvals.

Expenditure for the long-lead items will occur over the next four years and will accommodate the timing of government approvals. The long-lead item commitments will ensure the Queensland Curtis LNG Project remains on track to begin production in 2014.

QGC Managing Director and BG Group Executive Vice President Catherine Tanna said QGC was now well on the way to realising a world-class, new LNG business in Queensland.

"We expect the Queensland Curtis LNG Project to create more than 5000 direct jobs during construction and more than 700 direct jobs during operations," she said.

"We also estimate our LNG business will generate A\$32 billion in value-added activity for Queensland between now and 2021.

"QGC will continue to work with the Queensland and Federal Governments to ensure the project continues to meet all deadlines and begins LNG production as scheduled from 2014."

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## Notes for Editors

### **QGC**

QGC Pty Limited (ACN: 089 642 553) is a leading Australian coal seam gas explorer and producer focused on supplying gas to domestic and international markets. QGC is establishing one of Australia's largest capital infrastructure projects to turn Queensland's world-class coal seam gas reserves into Liquefied Natural Gas (LNG). Queensland Curtis LNG, a priority project for QGC, involves expanding exploration and development in southern and central Queensland and transporting gas through a 540km underground pipeline network to Curtis Island near Gladstone where it will be liquefied. For further information visit: [www.qgc.com.au](http://www.qgc.com.au) or [www.qclng.com.au](http://www.qclng.com.au)

### **BG Group**

BG Group plc (LSE: BG.L) is a world leader in natural gas, with a strategy focused on connecting competitively-priced resources to specific, high-value markets. BG Group is active in more than 20 countries on five continents, and has a broad portfolio of exploration and production, liquefied natural gas, transmission and distribution, and power generation businesses. It combines a deep understanding of gas markets with a proven track record in finding and commercialising reserves. For further information go to [www.bg-group.com](http://www.bg-group.com)

### **Coal seam gas**

Natural gas in coals (coal seam gas or CSG) occurs when the coal is formed deep underground by a process of heating and compressing plant matter. The gas is trapped in coal seams (typically 300-600 metres underground) by water pressure. The coal seam gas is extracted via wells which are drilled through the coal seams. The water is pumped out, and the natural gas is released from the coal. The gas is then processed to remove water and piped to a compression plant for injection into gas transmission pipelines. Coal seam gas in the Surat Basin of Queensland typically contains more than 98% methane, with very small amounts of nitrogen and carbon dioxide.

*There are matters discussed in this media information that are forward looking statements. Such statements are only predictions and actual events or results may differ materially. For a discussion of important factors which could cause actual results to differ from the forward looking statements, refer to BG Group's annual report and accounts for the year ended 31 December 2008. BG Group does not undertake any obligation to update publicly, or revise, forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.*