

QGC To Spend Big In Push For Massive Growth

Queensland Gas Company (QGC) is to spend \$A316 million in an ambitious plan to boost gas sales over the next two years.

\$A260 million will be targeted towards doubling sales next year and doubling those sales again the following year. The company expects to sell around 12 PJ this financial year, 30 PJ next financial year and over 60 PJ the following year, which it hopes to achieve via a program that will involve drilling over 100 wells and significant upgrades to gas processing.

Included in this budget is development of the Bellevue gas field to supply QGC's Condamine Power Station project.

QGC has also allocated an extra \$A56 million to an exploration program, primarily aimed at

certifying 2P reserves, focusing on appraisal of the gas resource within ATPs 621, 648 and 651. The program will be funded out of cashflows and cash reserves to be replaced by an appropriate borrowing program to be negotiated in the next 12 months.

"This investment extends QGC's position as the rising independent gas producer on the Australian east coast. Our production capacity is being expanded to enable us to meet the steadily increasing demand for natural gas as the environmentally cleaner, low cost alternative to coal for industry and power generation", QGC said.

"Our aim is to ensure there is sufficient production capacity to supply new power stations currently being planned in Queensland and New South Wales which should be fuelled by gas as a cleaner environmental alternative

to the commissioning of new coal-fired power stations."

"By confirming the availability of natural gas supplies in southeast Queensland, QGC will be able to supply the local markets and also supply the proposed gas pipeline to the Hunter Valley in New South Wales", the company said.

QGC has already commenced development of a 135 MW combined cycle gas-fired power project, to be owned by a subsidiary of Energy Infrastructure Trust and is scheduled to commence operation from August 2009. Currently, gas is being delivered from existing fields at Berwyndale and Argyle/Kenya at an annualised rate of 18 Petajoules.

QGC has also expanded its relationship with the Braemar Power Project and commences full supply to Incitec Pivot in the third quarter of 2007. ■