

## AGL Sells PNG Oil And Gas Assets

Australia's biggest power and gas retailer, AGL Energy said it has struck a deal to sell its assets in Papua New Guinea, including a 3.6% stake in a planned gas export project, to an 'international oil and gas company' for about \$1.1 B after the closing out of all hedges.

AGL said the agreed sales price is \$US800 MM. The sale price is at the top end of a range of A\$800 MM to A\$1.1 B cited by JPMorgan Chase in a 3 September report as being the range expected by the market.

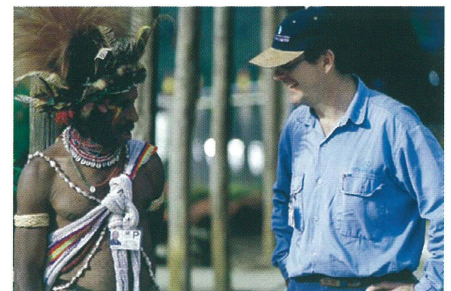
Speculation suggests a possible buyer is Italy's largest energy company, ENI, which has signed an accord with the Papua New Guinea Government for oil and gas development. However, the sale is subject to pre-emptive rights held by venture partners Oil Search, Papua New Guinea's biggest oil and gas producer, and Australia's third-biggest oil and gas company, Santos. AGL said the

pre-emption process, which allows any of the partners to match the agreed sale price on the same terms and conditions, would take about 30–45 days to complete.

Oil Search jumped as much as 30% in Sydney trading to \$4.82, the biggest gain since 1989, and Santos rose 11% to \$14.04 on the announcement.

The sale of AGL's stake in producing oil and gas fields and in the ExxonMobil-led liquefied natural gas project in PNG is the latest in a series of divestments planned by the energy utility to raise funds for expansion in power generation, gas production and energy retailing in Australia. AGL has provisionally agreed to sell its 22% stake in Queensland Gas for A1.18 B.

Managing Director Michael Fraser said the PNG sale finalised the non-core asset sale programme the company commenced late in 2007.



*Papua New Guinea's biggest oil producer, Oil Search, and Australia's third-biggest oil and gas company, Santos, are among partners holding pre-emptive rights over AGL's stake.*

AGL said no capital gains tax will be payable on the sale proceeds either in Papua New Guinea or Australia and details of the sale and will be released when it is completed in mid-December. ■