



BG GROUP

FAST FACTS

QGC Pty Limited,
proponent for the Queensland Curtis LNG Project
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BACKGROUND

BG GROUP

- BG Group, the parent company of QGC Pty Limited, is a top-10, UK-listed oil and gas company with interests in 25 countries.
- The company has a market capitalisation of about A\$75 billion (at November 2011).
- BG Group is one of the world's largest LNG companies with plants and terminals in Egypt, Trinidad and Tobago, the UK and the US.
- It operates and charters 23 LNG ships and has sold LNG to all 19 importing countries.
- BG Group has supply contracts for about 13 million tonnes of LNG a year, equivalent to about 65% of Australia's total production.
- Since 2008, BG Group has invested more than A\$10 billion in Australia and has committed a further A\$15 billion to the Queensland Curtis LNG Project at Gladstone.

QGC PTY LIMITED

- QGC is developing the Queensland Curtis LNG Project to supply natural gas from coal seams, in the form of LNG, to Asia-Pacific markets.
- First LNG cargoes from the Queensland Curtis LNG Project are scheduled for 2014.
- The QCLNG Project involves:
 - expansion of QGC's exploration and gas production in the Surat Basin
 - a 540km network of underground pipelines from Chinchilla to Gladstone
 - an LNG plant at Gladstone with initial production capacity of 8.5 million tonnes a year.
- The QCLNG Project will create more than 5000 full-time jobs on average during construction and up to 1000 during operation.
- QGC currently employs about 4300 staff and contractors across the QCLNG Project and related business.
- About 95% of QGC's work force is Australian.
- About 50% of capital expenditure on the QCLNG Project until 2014 will be spent in Australia. About 80% of operating expenditure will be spent in Australia from 2014.
- The QCLNG Project will generate about A\$1 billion a year in royalties and taxes.
- In December 2008, QGC had 5700sqm of Brisbane office space, accommodating about 380 people. By August 2011, QGC and the Queensland Curtis LNG Project had 26,000sqm of Brisbane office space, accommodating about 1320 people, an increase of about 356% and 247% respectively. QGC expects its office space requirement to remain at this level until about 2015.

NATURAL GAS FROM COAL SEAMS

- Natural gas from coal seams is the same methane that we use in our homes, industry and power stations.
- About 80% of Queensland's natural gas comes from coal seams.
- Queensland has been producing natural gas from coal seams for more than a decade and it has been produced in the US since the 1970s.

LNG MARKETS

- China, Japan, Singapore and Chile are major customers of the QCLNG Project with commitments of nearly 10 million tonnes a year from 2014.
- BG Group's contract with the China National Offshore Oil Corporation is Australia's largest liquefied natural gas contract between two single companies with BG Group to supply 72 million tonnes of LNG for 20 years from 2014.
- The China contract was the first fully termed sales and purchase agreement for LNG from coal seam gas and China's first purchase of LNG from coal seam gas.
- Tokyo Gas is the first Japanese customer from the world's biggest LNG-consuming nation to commit to buying coal seam LNG.

REGULATION

BACKGROUND

- Environmental assessment of the QCLNG Project under Australian and Queensland legislation took more than two years, involved more than 4000 meetings, briefings and presentations across interest groups, and resulted in a 12,000-page report.
- The assessment was widely advertised across Australia for public comment and resulted in about 40 submissions.
- The QCLNG Project has more than 1500 conditions under Queensland and Australian environment legislation.
- QGC invested more than A\$25 million in the environmental impact assessment.

LAND ACCESS

- QGC has more than 900 of the land use agreements it will require of the more than 1000 landholders affected by the QCLNG Project.
- QGC does not operate on land without landholder agreement.
- Every QGC facility in the gas fields has been built with landholder consent.
- QGC has several landholders who receive compensation of between A\$75,000 and A\$200,000 a year for between about 20 and 60 wells per property.
- Land disturbance caused by wells, roads and other infrastructure is about 5% of the total surface area of properties.
- QGC pays the legal costs of landholders but does not choose landholder lawyers.
- QGC funds independent valuations for compensation agreements.
- As a result of the 2011 floods, QGC advanced compensation payments to landholders by several months and provided A\$550,000 towards flood relief.
- QGC owns about 370sqkm of land in the gas fields or 0.02% of Queensland's land area.
- QGC has indigenous land use agreements with all traditional custodians of land in which QGC has an interest.

WATER

- Gas companies have a right under Queensland legislation to take water during gas production. With this right comes the obligation to treat the water for beneficial use and to "make good" any impact they have on water users.
- Gas producers have no economic incentive to produce water. Water is an unavoidable and undesirable by-product of gas production. Too much water can make gas projects uneconomic.
- QGC will invest more than A\$1 billion on treating water for beneficial use for agriculture, industry and local towns.
- Agriculture in the Surat Basin extracts about 380 megalitres of water a day. The three major LNG projects combined will extract about 150 megalitres a day from 2014 to 2040.
- QGC will produce water from the Walloon Coal Measures. This water is suitable only for stock or domestic purposes and must be treated for irrigation and human consumption.
- An estimated 12,000 farm bores cover the Condamine Alluvium east of Dalby.
- QGC is funding a A\$66 million bore monitoring program between 2011 and 2013 and will sink more than 100 monitoring bores.

SALT

- QGC will produce more than four million tonnes of salt by 2040 in the treatment of water from coal seams.
- Salt will be contained in ponds with double layers of plastic at two central storage facilities on QGC land until it can be put to beneficial uses in industries such as glass making and chemical manufacturing.
- QGC and other gas companies are collaborating on commercial applications for salt produced from coal seam water (sodium chloride, sodium carbonate (soda ash) and sodium bicarbonate).
- Results from technical trials in France, the US, Germany and Australia are expected in 2012.

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WELLS

- QGC expects to drill 6000 wells over more than 4500sqkm of tenements in the next 20 years.
- Each well costs about A\$1 million to drill.
- QGC currently has more than 700 wells. They are inspected every two weeks.
- QGC wells tap the Walloon Coal Measures about 300 to 800 metres underground.

HYDRAULIC FRACTURING

- Hydraulic fracturing has been used in the oil and gas industry for more than 50 years and on more than a million wells in the United States.
- It has been used in Australia, including Queensland, for decades.
- Hydraulic fracturing involves mostly water and sand that is injected into wells at high pressure to crack the coal seams so gas can flow more freely. The sand holds open the cracks.
- About 1% of hydraulic fracturing fluid contains chemicals at concentrations so low that they are difficult to detect.
- Like farmers who use chemicals on crops, QGC uses chemicals with extreme care.

CARBON TAX

- Natural gas produces up to 70% less greenhouse gas emissions than coal when used to produce electricity.
- The Australian Government's carbon price scheme perversely penalises LNG, an energy source that provides a solution to global warming because it is the cleanest of fossil fuels.
- None of Australia's LNG competitors face either emissions trading or a carbon tax, or are likely to.
- Australian LNG suppliers cannot pass carbon costs through to customers when we are competing with alternative gas sources from the Middle East and Asia.
- BG Group is disappointed that the scheme as proposed misses what could be a huge competitive advantage for Australia.

SOCIAL INVESTMENT

- The QCLNG Social Impact Management Plan was Queensland's first.
- Under the plan, QGC will invest about A\$150 million on community services by 2014.
- QGC has established a A\$6 million Sustainable Communities Fund for local organisations from Gladstone to the gas fields.
- Six consultative committees advise QGC on issues associated with the QCLNG Project.
- QGC and its partners are funding about 200 new houses and units in Gladstone and the gas fields.
- QGC is providing A\$10.4 million towards affordable housing in Gladstone and the gas fields and about A\$1 million towards indigenous housing in both areas.
- Construction workers are housed in temporary camps to avoid stress on local property markets.

QCLNG KEY MILESTONES AND ACTIVITIES (2008-2014)

– BG Group entry to Australia	Feb 2008
– LNG supply agreements	2008-11
– Environmental approvals	Oct 2010
– Final investment decision	Oct 2010
– Construction start	Oct 2010
– First LNG	2013-14
– First LNG shipments	2014

Note: This document is continuously updated.