

13 April 2010

QGC responds to regulator

QGC, a BG Group business, has formally responded to Queensland Mines and Energy about allegations that 39 wells operated by the company around Tara were leaking gas.

On 19 March 2010, the department's Chief Inspector, Petroleum and Gas, asked QGC to demonstrate that the company was complying with the legislation under which it operated, and in particular, to demonstrate that QGC was taking all necessary and reasonable action to ensure that no person or property was exposed to an unacceptable risk as a result of QGC's operations.

The Chief Inspector issued to QGC a compliance direction and information notice which asked that QGC demonstrate that it operated safely.

QGC has advised that it regularly inspects all of its wells as a matter of good gas field practice. Additionally, QGC undertook to expeditiously inspect all 143 wells on three licences identified by the regulator.

All of these wells were surveyed for leaks, including those identified on a video by a group of landholders near Tara.

A small leak on one non-operating well, detected several weeks before the regulator's inquiry, was repaired as scheduled.

Further, QGC provided to the regulator an analysis of its gas by third-party laboratories. This analysis confirmed that the gas from QGC's licences is non-toxic and that known toxic elements in hydrocarbon deposits in other parts of the world such as benzene, toluene, ethylbenzene, and carbonyl sulphide are not detectable in QGC's gas.

QGC has also provided to the regulator its risk assessment and controls process for managing well integrity.

QGC maintains that it has every confidence at every level in its business in the safety of its facilities and its operating practices and has no reason to believe that it is not operating according to good gas field practice.

QGC does not believe its facilities pose any unacceptable risk to the health and safety of residents or staff and contractors.

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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 or www.qclng.com.au