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25/3/10.

24 March 2010

Anna Bligh, MP
Premier of Queensland
Level 15
Executive Building
100 George Street
BRISBANE QLD 4000

Dear Premier

I write today from Beijing to advise that BG Group – the parent company of QGC Pty Limited – and the China National Offshore Oil Corporation, have just signed one of Australia's largest sales and purchase agreements for liquefied natural gas.

The contract allows for China to buy 3.6 million tonnes of Queensland liquefied natural gas each year for 20 years from 2014.

The sales contract was signed by the BG Group chief executive, Frank Chapman, and the CNOOC president, Fu Chengyu. It was witnessed by the Federal Minister for Resources, Energy and Tourism, Martin Ferguson, the Duke of York, and the Vice Minister of China's National Energy Administration, Liu Qi.

QGC plans to produce coal seam gas from its petroleum licences in the Surat Basin and transport it by pipeline for export at the Queensland Curtis LNG plant on Curtis Island near Gladstone.

When combined with our existing LNG supply agreements – a 20-year agreement with Singapore for three million tonnes a year and a 21-year agreement with Chile for 1.7 million tonnes a year – the China contract underpins full production for the first two production "trains" at Gladstone.

This achievement is remarkable, particularly as Queensland's coal seam gas industry was virtually non-existent a decade ago and plans for a liquefied natural gas industry emerged only two to three years ago.

We thank you and your Government for the assistance and support you have given the gas industry to allow us to reach this milestone.

Similarly, we thank your public servants for their hard work and support in ensuring we have made such good progress.

While success should be celebrated, we still have a significant way to go to ensure that the QCLNG Project proceeds to a final investment decision later this year.

We look forward to your continued support and to bringing you further good news.

Yours sincerely

Catherine

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