QUEENSLAND GAS COMPANY
QGC

QUEENSLAND GAS COMPANY LIMITED
ABN 11 089 642 553

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30 Herschel Street, Brisbane QLD 4000
GPO Box 3107, Brisbane QLD 4001
Tel: 07 3020 9000 Fax: 07 3012 8411
Website: www.qgc.com.au
Email: qgc@qgc.com.au

Silesian Project
29 Mei 2008

Minister van Economische Zaken
Mevr. Maria van der Hoeven
Attn: Directeur Energiemarkt
Postbus 20101
2500 EC Den Haag
Nederland

Geachte minister,

Met inachtneming van artikel 6 van de Mijnbouwwet 2003 verzoekt de Queensland Gas Company (hierna te noemen Verzoeker), een Australische onderneming voor de opsporing en winning van gas, de Minister een vergunning te willen verlenen voor de opsporing van koolwaterstoffen op het Nederlandse vasteland.

De Queensland Gas Company heeft het voornemen de aanwezigheid van Coal Seam Gas (CSG of steenkoolgas) te onderzoeken en verkennen en de commerciële haalbaarheid te testen van de gaswinning uit steenkoollagen uit de Westfaalse sedimenten die zich bevinden in het vergunninggebied aangeduid met de naam *Silesian*, hierna te noemen het Project.

In het kader van het Project zouden ook koolwaterstoffen beoordeeld kunnen worden die vanuit de Westfaalse sedimenten in de bovenliggende geologische lagen terecht zijn gekomen.

De Verzoeker zou de Minister willen vragen om een vergunning met een duur van 5 (Vijf) jaar voor het uitvoeren van een volledig verkenningsonderzoek teneinde:

- de kenmerken van het CSG in het Projectgebied te definiëren evenals de productie-fairway;
- een pilottest-installatie (of meerdere installaties) te bouwen;
- een lijst van commercieel winbare reserves aan te leggen; en
- een compleet programma voor de commerciële exploitatie van CSG op te stellen.

Het ten behoeve van het Project voorgenomen gebied omvat 6.447,5 km² in de provincies:

- Overijssel;
- Gelderland;
- Brabant; en
- Limburg

De geografische gesteldheid van het Projectgebied is overwegend vlak, samenhangend met de ligging nabij de kust en de afzetting van sedimenten als gevolg van overstromen door en zich terugtrekken van de zee, glaciale erosie en eolische afzettingen. Het zuidelijk deel van het vergunninggebied, in de regio Limburg, is aanzienlijk heuvelachtiger dan het noordelijk deel. Het Projectgebied kent maar weinig delen die topografisch hoger liggen dan 20 meter en de westelijke randen bevinden zich op een hoogte dicht bij zeeniveau. Twee grote rivieren doorsnijden het Projectgebied en deze worden gevoed door talrijke kleinere rivieren en waterlopen voordat ze in de Noordzee uitmonden;

De voornaamste economische activiteiten in het Projectgebied (fig. 1) zijn de landbouw en verstedelijking, terwijl het zuidelijk deel meer geïndustrialiseerd is. Enkele delen hebben recent een sterke toeristenindustrie ontwikkeld die gebaseerd is op de natuurlijke omgeving en de historische waarde van de plaatsen in de streek.

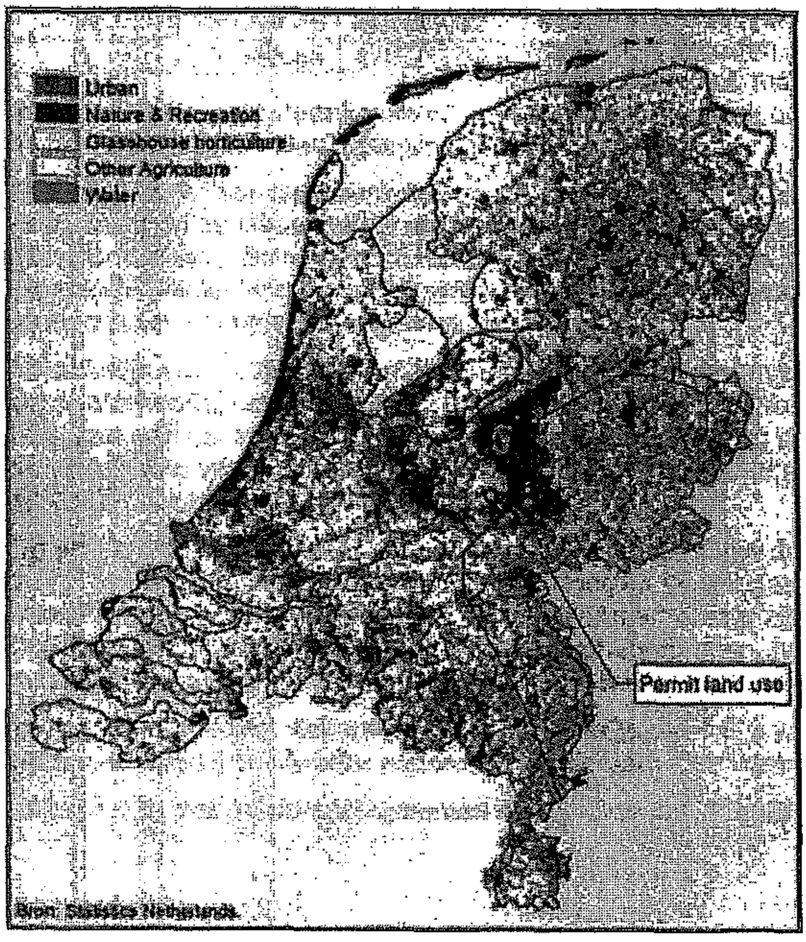

Fig 1

Projectcoördinaten

Overeenkomstig artikel 1.2.2 van de Mijnbouwregeling wenst de Verzoeker hierbij aan de Minister de coördinaten van het Projectgebied (tabel 1) volgens het systeem van de Rijksdriehoekmeting aan te bieden, evenals een kaart van het Projectgebied met daarop aangegeven de coördinaten en de oppervlakte van het gebied (bijlage 1).

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BIJLAGE 1

Projectcoördinaten

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Punt	X	Y
A	264590.00	472234.01
B	200000.00	345240.22
C	189000.00	373000.00
D	164000.00	421000.00
E	164000.00	435000.00
F	189000.00	460500.00
G	192500.00	484000.00
H	220500.00	500000.00
I	231525.76	500038.73
J	246555.67	496503.03
K	250398.55	492577.42
L	250398.55	478000.00

Table 1

BIJLAGE 2

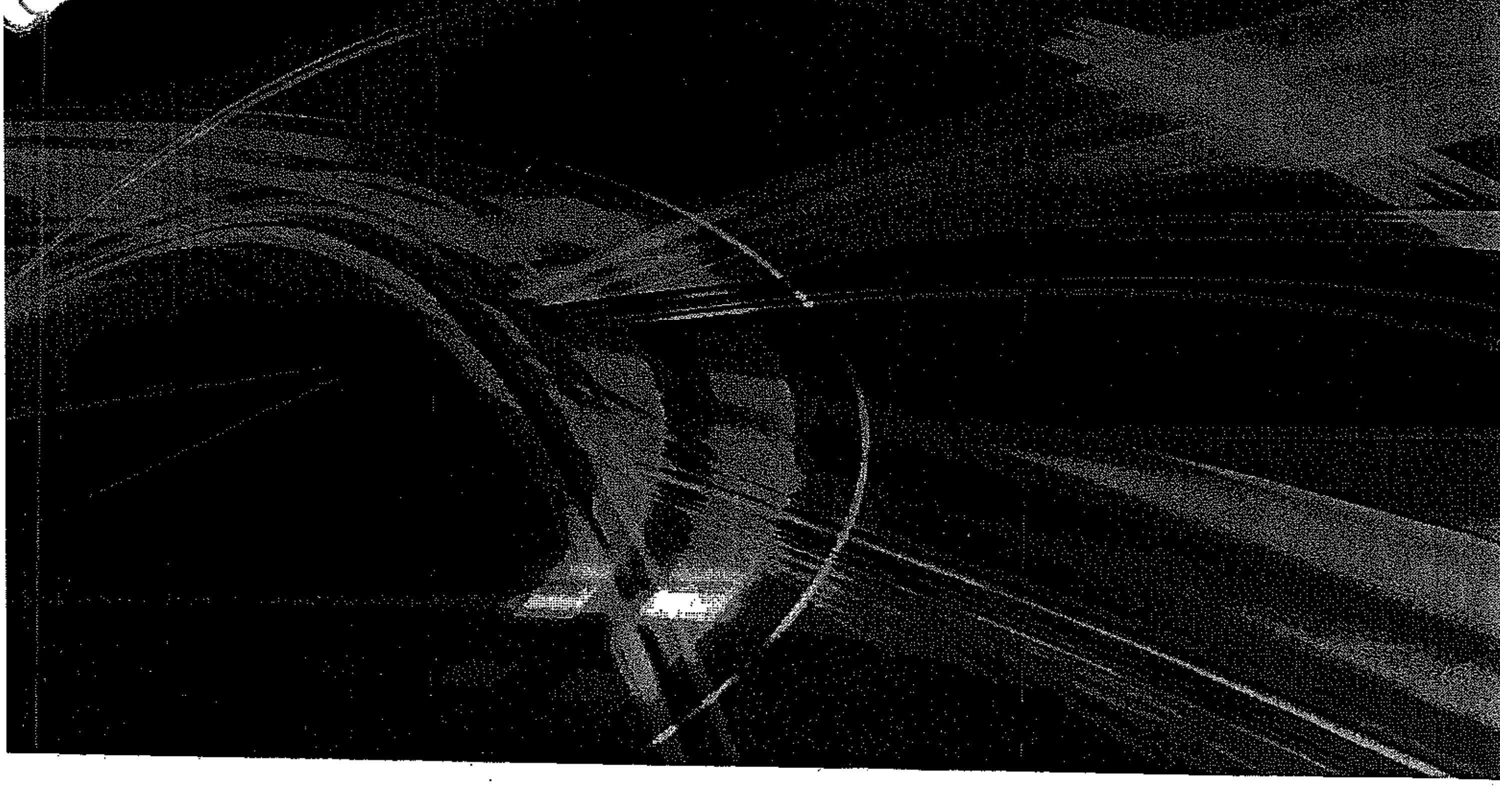
Met inachtneming van bijlage 1 behorend bij artikel 1.3.1.2.a van de Mijnbouwregeling zou de Verzoeker graag aan de Minister de volgende documenten (B) willen aanbieden betreffende de financiële gegevens van Verzoeker:

a. het financiële jaarverslag van Verzoeker betreffende het boekjaar eindigend op 30 juni 2007;

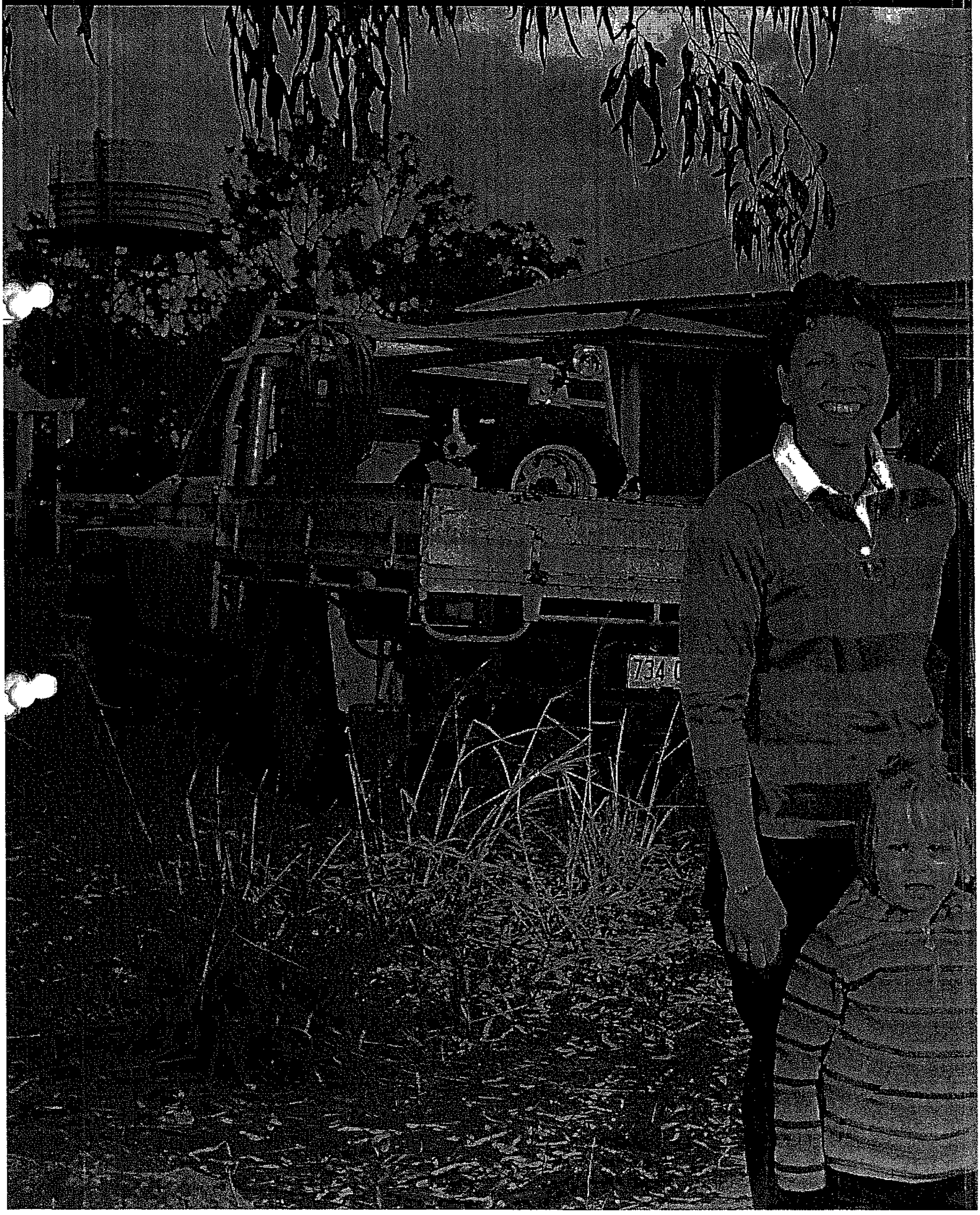
QUEENSLAND GAS COMPANY
QGC

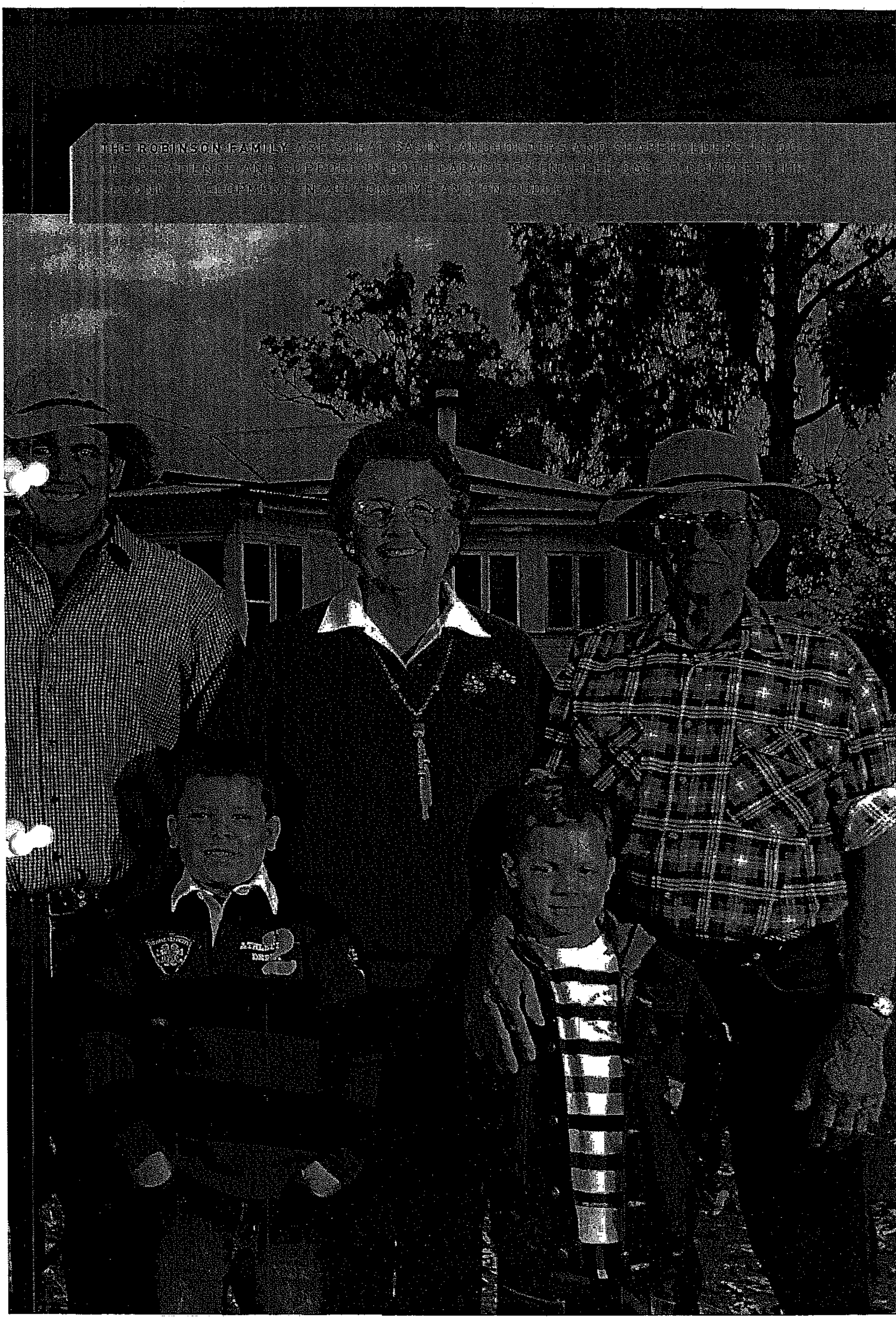
2007 CONCISE ANNUAL REPORT

the energy



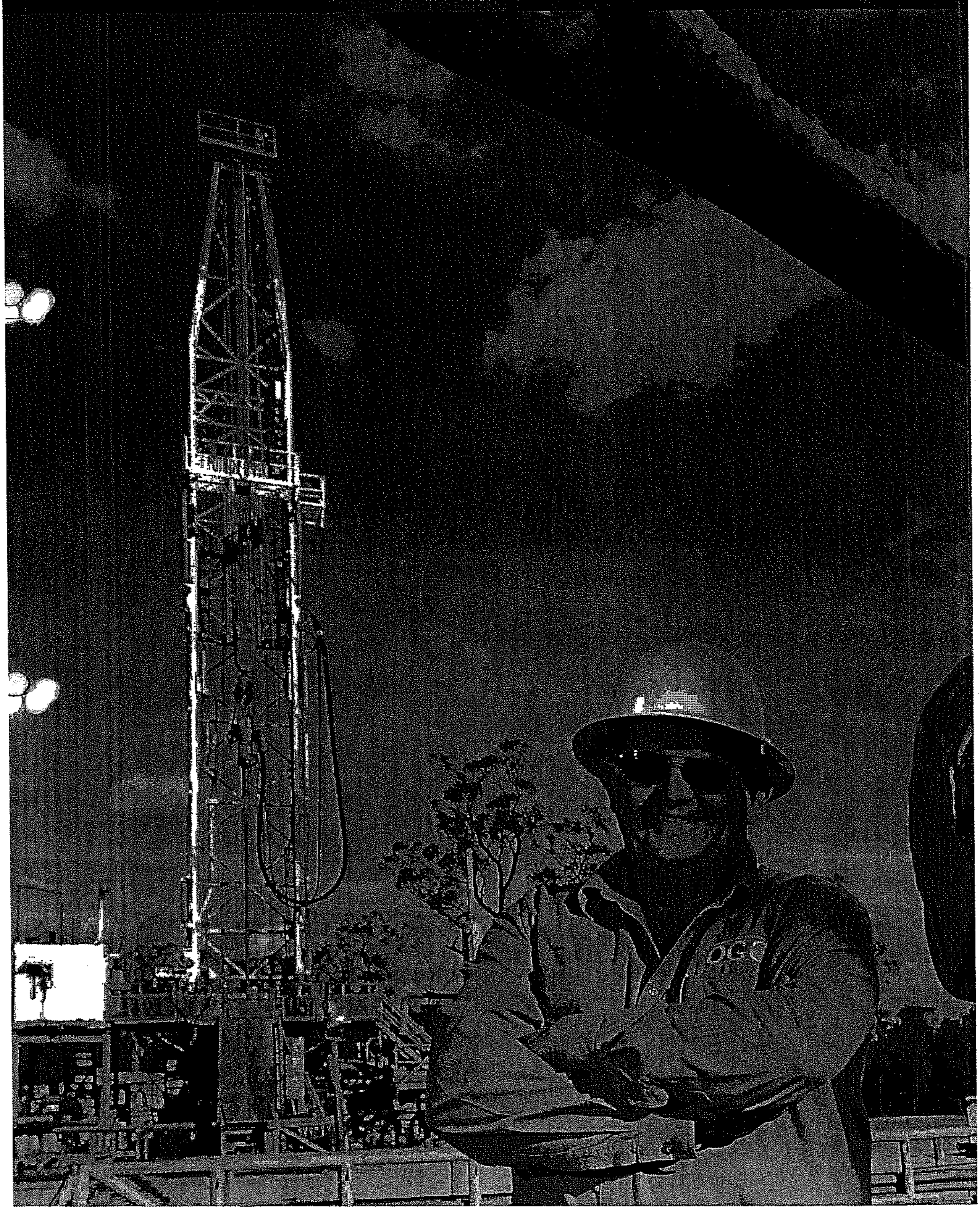
the support



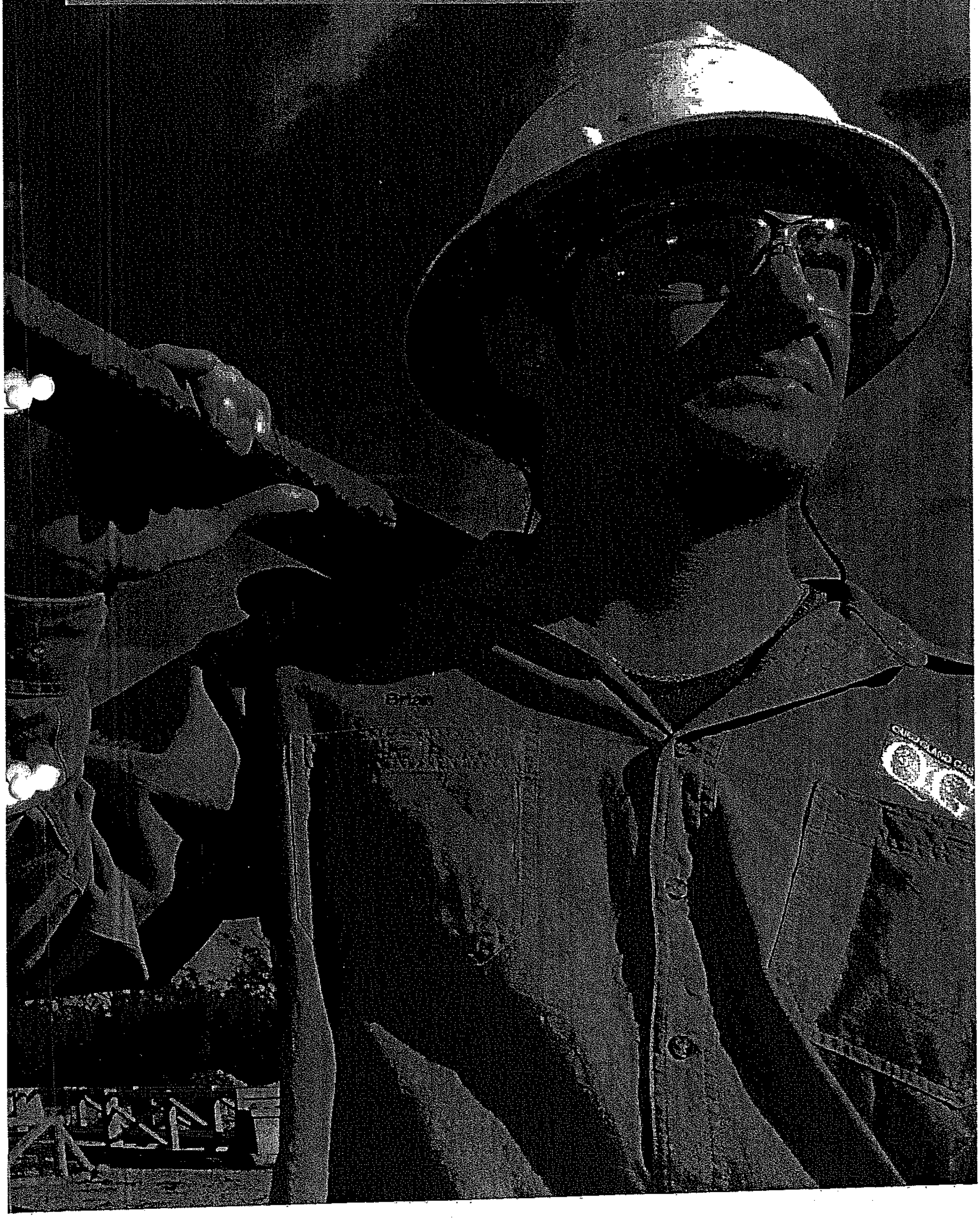


THE ROBINSON FAMILY ARE SURAT BASIN LANDHOLDERS AND SHAREHOLDERS IN QGC. THEIR PATIENCE AND SUPPORT IN BOTH CAPACITIES ENABLED QGC TO COMPLETE ITS SECOND DEVELOPMENT IN 2007 ON TIME AND ON BUDGET.

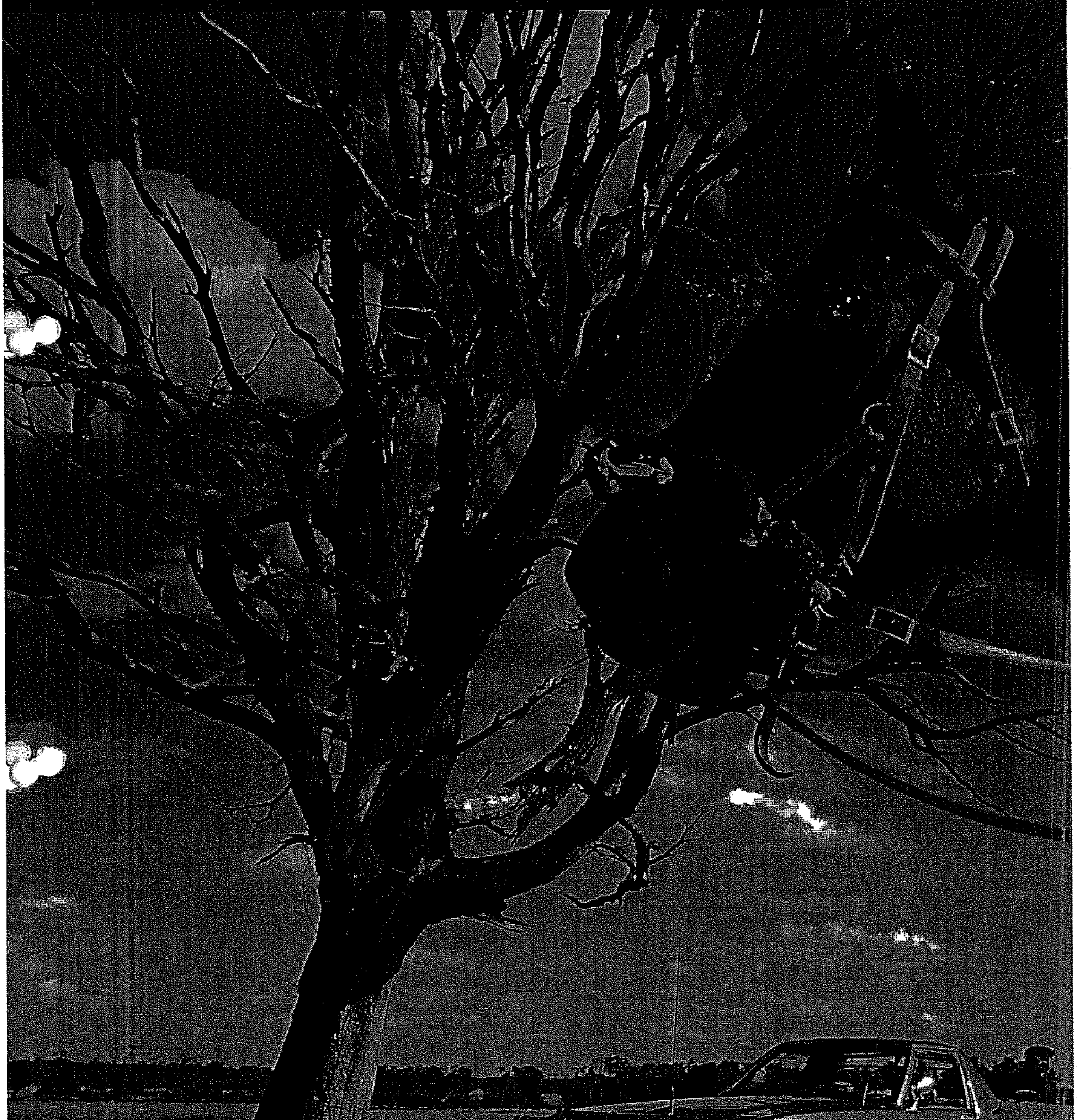
the experience

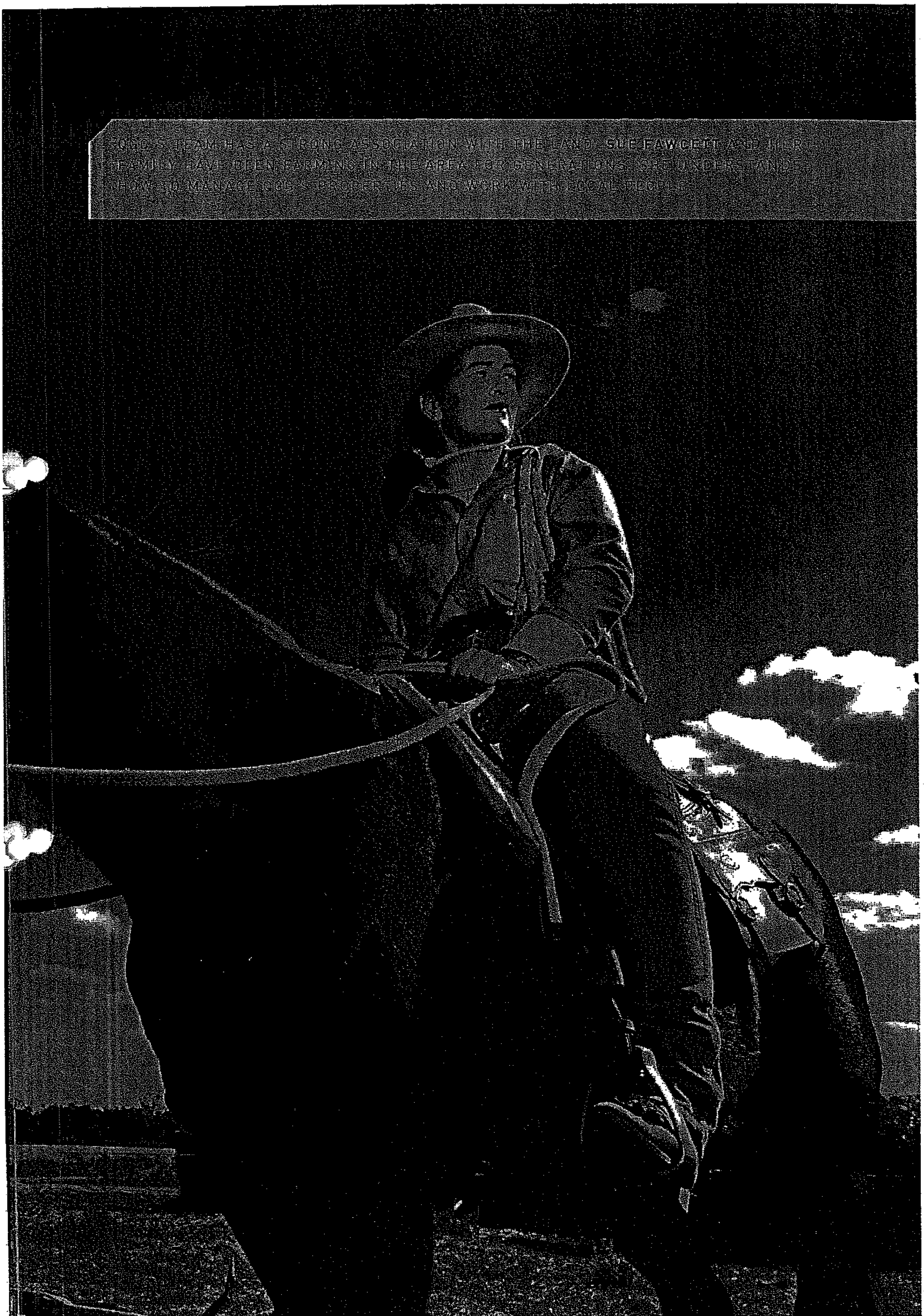


QGC'S FIELD SUPERINTENDENT **KEN RIXON** (BACK) KNOWS WHAT IT TAKES TO DEVELOP A GASFIELD AND HE'S SHARING THAT KNOWLEDGE WITH HIS SON **BRIAN RIXON** WHO IS TRAINING TO BE A DRILLING ENGINEER FOR QGC.



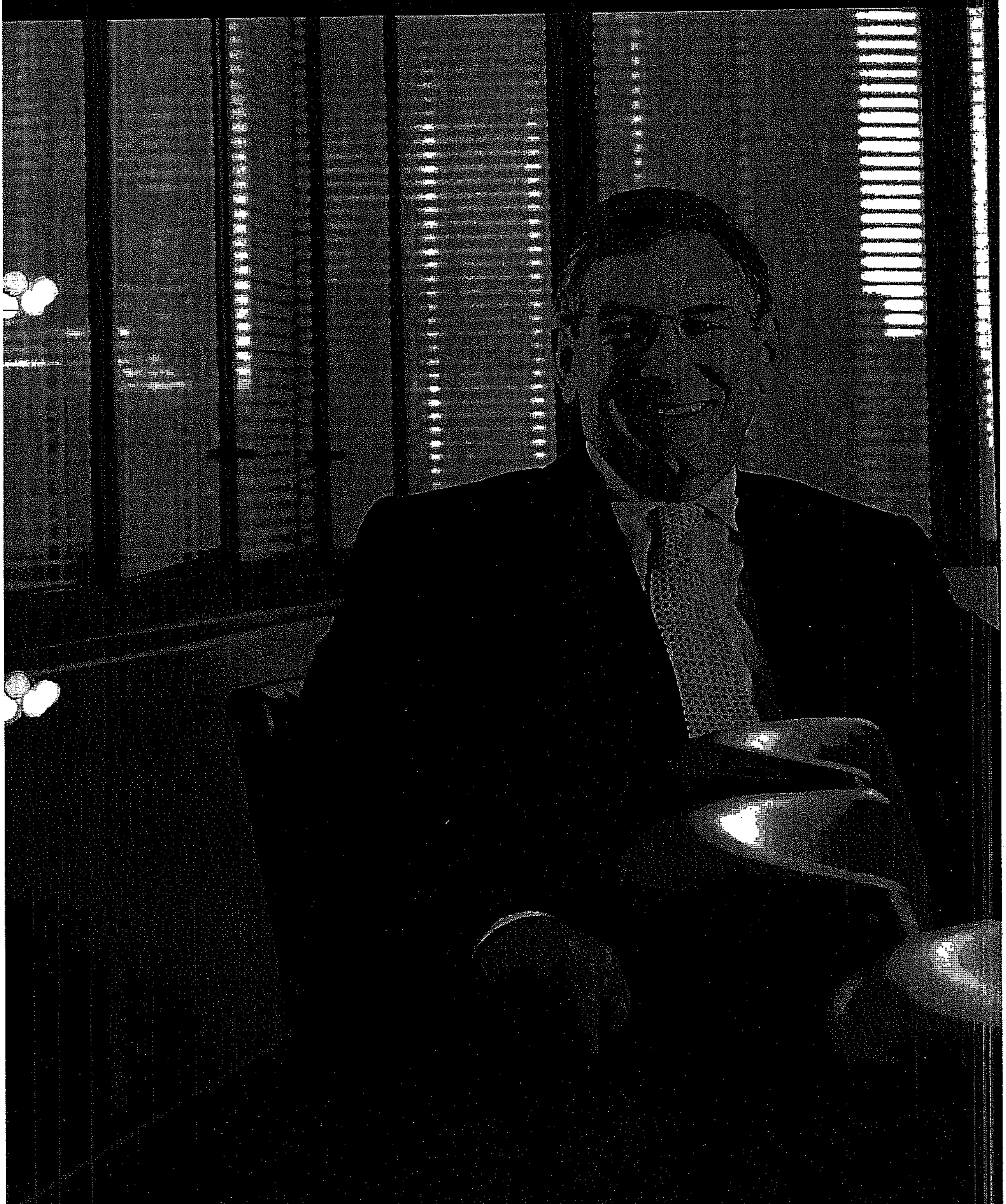
the dedication





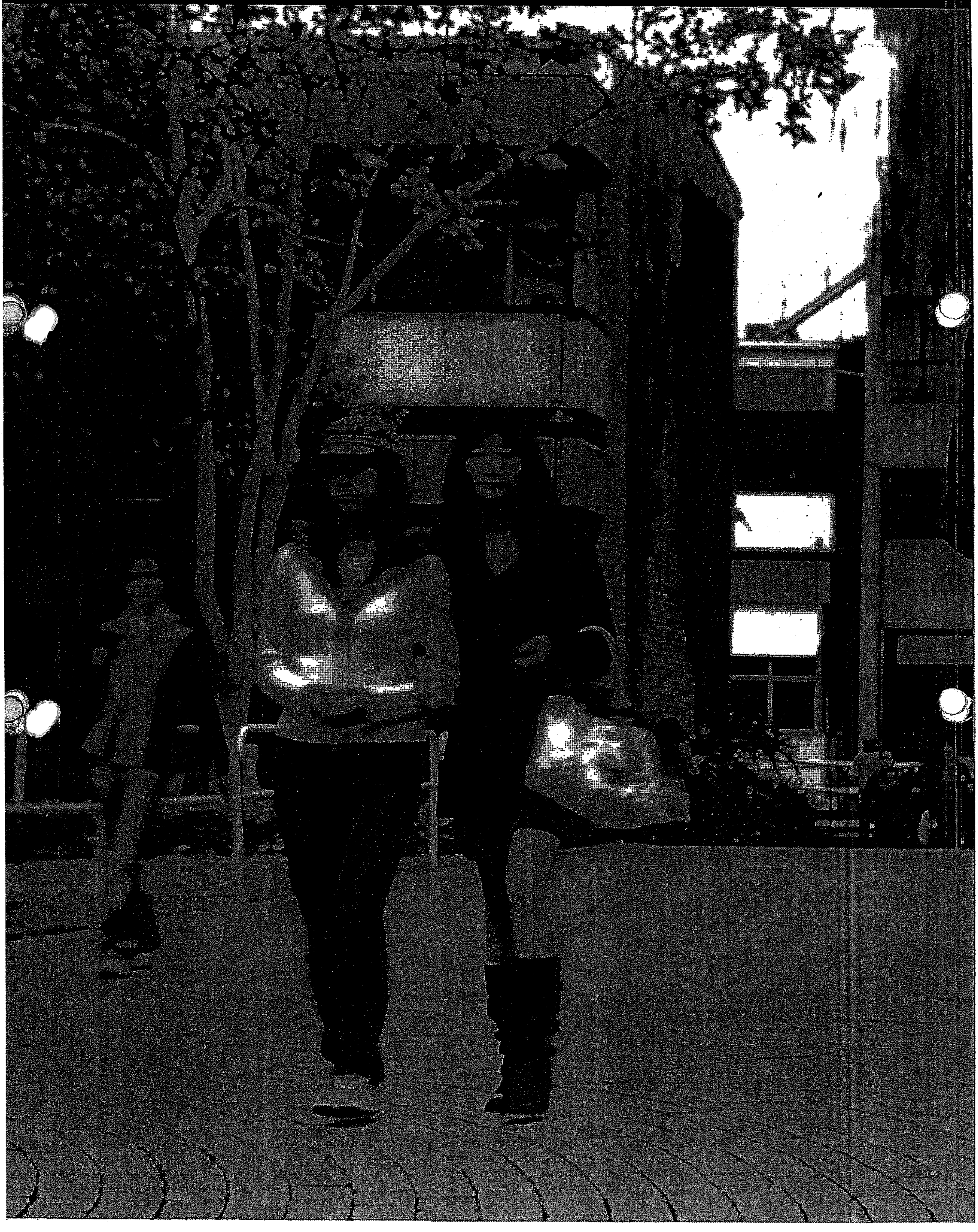
QGC'S TEAM HAS A STRONG ASSOCIATION WITH THE LAND. SUE FAWCETT AND HER FAMILY HAVE BEEN FARMING IN THE AREA FOR GENERATIONS. SHE UNDERSTANDS HOW TO MANAGE QGC'S PROPERTIES AND WORK WITH LOCAL PEOPLE.

the partnerships

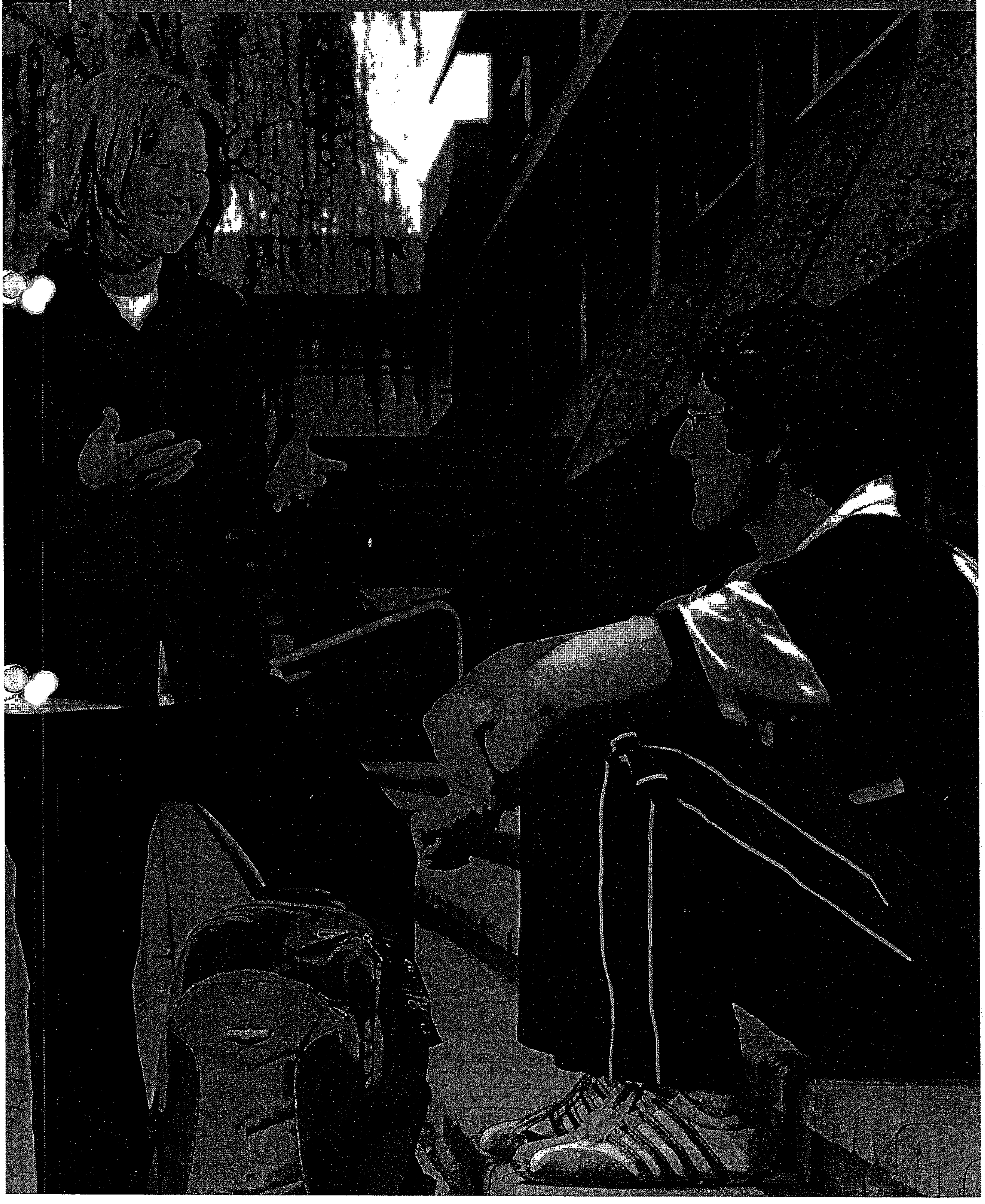


JOHN CLARKE IS THE MANAGING DIRECTOR OF ANZ INFRASTRUCTURE SERVICES, THE COMPANY THAT WILL FUND AND OWN CONDAMINE POWER STATION. QGC WILL SUPPLY GAS AND WATER TO THE STATION TO GENERATE CLEANER ELECTRICITY FOR THE NATIONAL MARKET.

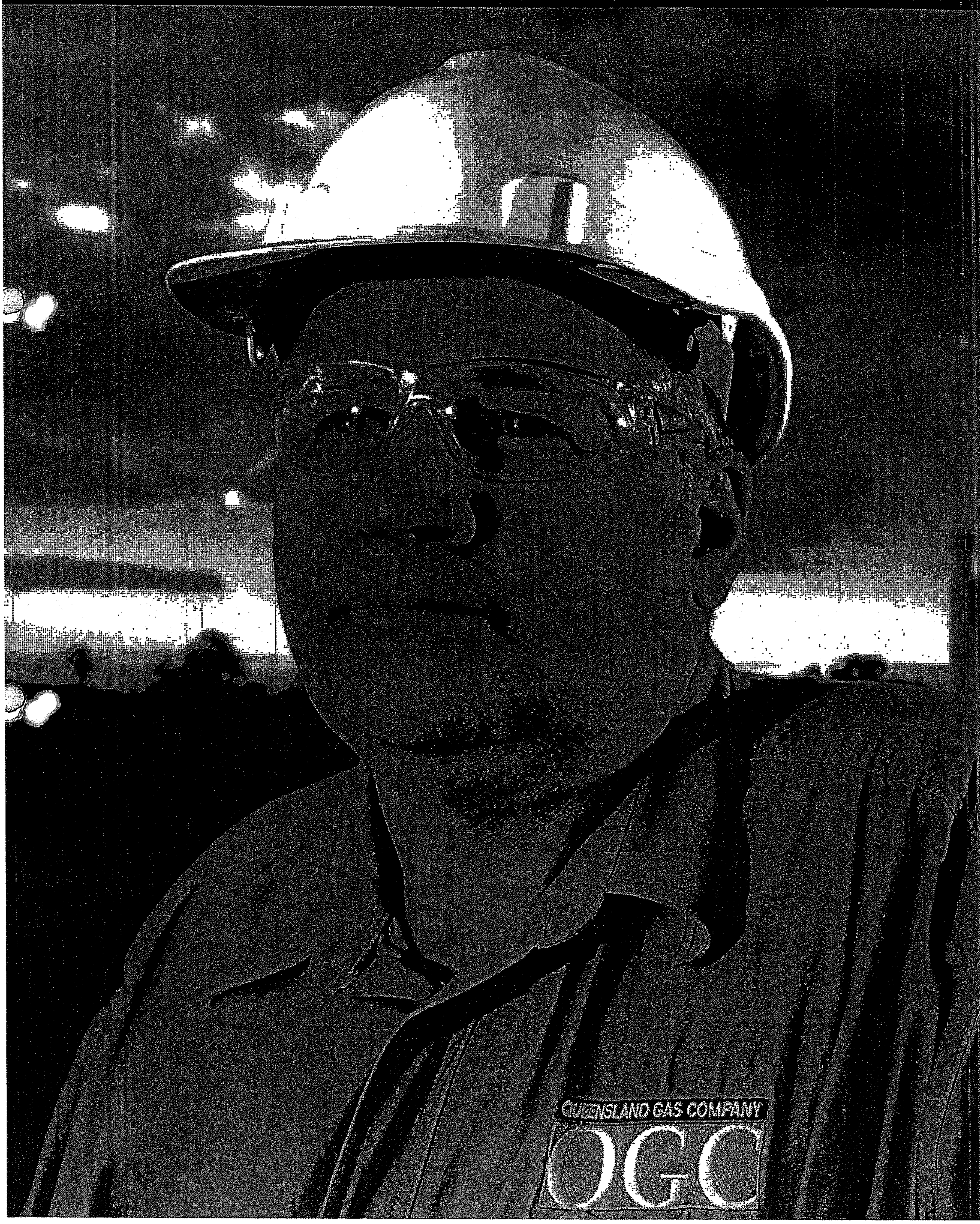
the future

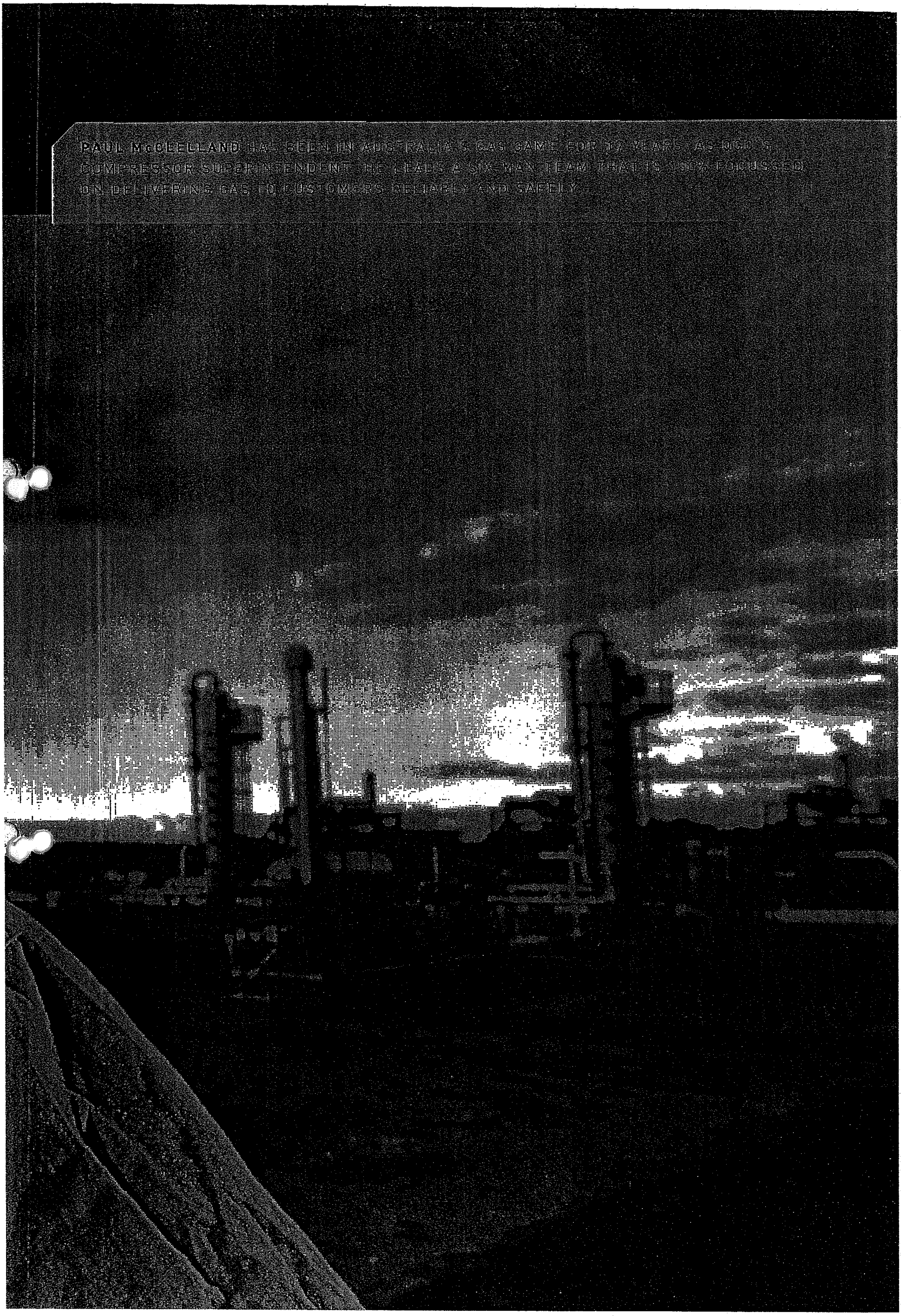


TONITA GRAY AND JASON CLARKE WERE SCHOOL CAPTAINS AT MILES HIGH STATE SCHOOL IN 2006 WHEN THEY SPOKE AT THE OPENING OF QGC'S FIRST GASFIELD IN 2007. QGC IS SUPPORTING THEM IN THEIR ENGINEERING STUDIES AT THE UNIVERSITY OF SOUTHERN QUEENSLAND.



the attitude




PAUL McCLELLAND HAS BEEN IN AUSTRALIA'S GAS GAME FOR 17 YEARS. AS OGC'S
COMPRESSOR SUPERINTENDENT, HE LEADS A SIX-MAN TEAM THAT IS 100% FOCUSSED
ON DELIVERING GAS TO CUSTOMERS RELIABLY AND SAFELY.

Company profile

Queensland Gas Company (QGC) is a rapidly growing energy business that has developed a massive new source of coal seam gas close to existing infrastructure in southern Queensland.

The Company currently supplies around 15% of the Queensland gas market from two operating areas within the Walloon Fairway and has plans in place to treble its gas sales to 60 petajoules (PJ) a year by 2008. QGC also expects to commence sales of greenhouse-friendly electricity to the National Electricity Market in 2009 from its coal seam gas fuelled Condamine Power Station.

QGC was listed on the Australian Stock Exchange (ASX) in August 2000 with the aim of exploring and developing the coal seam gas potential of south east Queensland, particularly in the east of the Surat Basin where QGC identified a fairway of gas rich prospects. QGC has since matured into a successful gas production company with a continuing and expanding exploration programme. It is focussed on becoming an integrated energy supplier in Australia's growing gas and electricity markets. To complement its gas and electricity businesses, QGC plans to develop a profitable water business based on the large volumes of water produced along with coal seam gas.

The Company has firm contracts for more than 830 PJ of gas to be delivered over the next 20 years, which includes an estimated 190 PJ commitment to supply gas to the Condamine Power Station. Underpinning these contracts, QGC has proved and probable (2P) gas reserves of 1,120 PJ (volumetric figure including 15 PJ produced by 30 June 2007).

With uncommitted supplies of gas, electricity and water, QGC is optimally positioned to take advantage of Australia's rapidly changing energy scene where the focus and the value will be tied to clean energy such as coal seam gas.

Queensland Gas Company Limited

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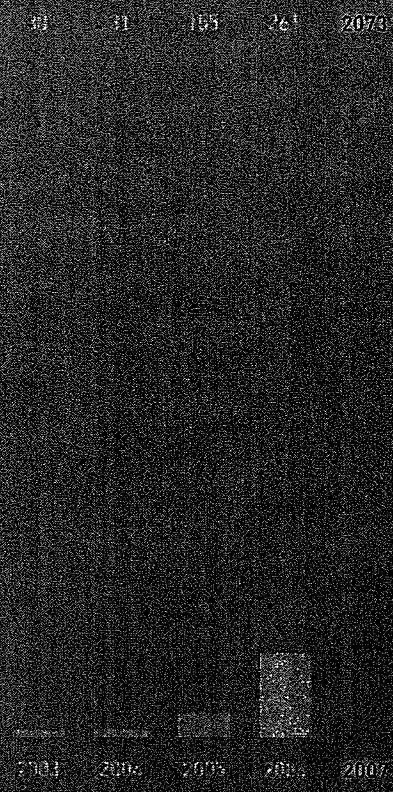
Email qgc@qgc.com.au Website www.qgc.com.au

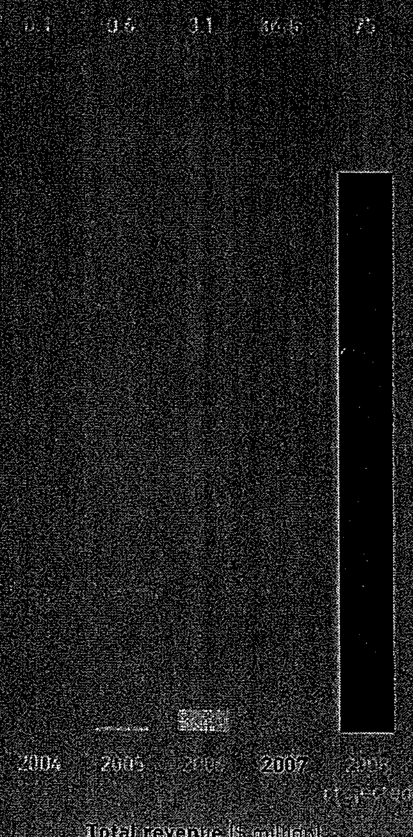
From 1 December 2007, QGC's Registered Office and Head Office will relocate to: Level 5, 30 Herschel Street Brisbane Queensland 4000.

Copies of the 2007 Annual Report are available from QGC's Registered Office. An electronic version of the Annual Report is available on the QGC website.

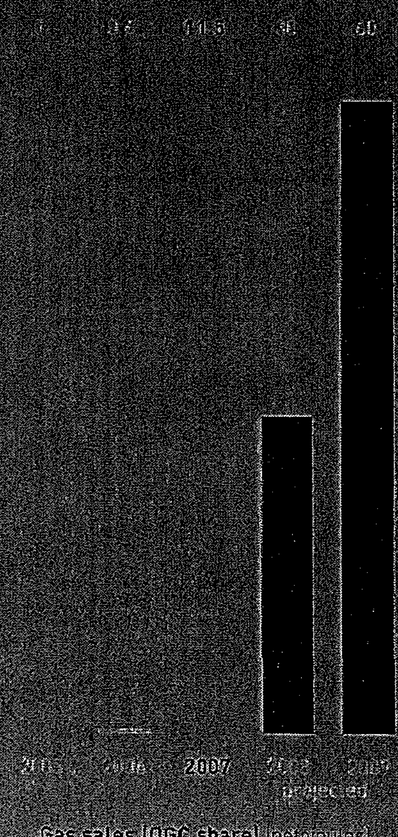
2P reserves (QGC share) (petajoules)



Market capitalisation ($ million)



Total revenue ($ million)



Gas sales (QGC share) (petajoules)

Letter from the Chairman

It is my great pleasure to report to Queensland Gas Company shareholders on an exciting year of intense and diverse activity, and tremendous corporate growth.

In 2007, QGC made its mark on Australia's gas and energy scene, both as a successful gas production company and as a "vigorous and efficient" market participant. In the face of highly opportunistic takeover bids, the Company successfully maintained its independence by forging a strategic alliance with Australia's largest integrated energy company, AGL Energy. This alliance promises to underpin dramatic future growth.

Throughout the tumultuous events of 2007, our focus has remained steadfastly on commercialising the Company's coal seam gas resources in southern Queensland. It was gas in the Walloon Fairway of the Surat Basin that underpinned the Company's establishment in 2000, and is today delivering such great value to shareholders.

QGC is now Australia's pre-eminent coal seam gas specialist, with an inventory of over 7,200 km² of prospects in the Surat Basin. But more importantly, we have a zone in the centre of the Walloon Fairway with especially favourable features that surely contains a world class resource of coal seam gas.

Already QGC is supplying around 15% of the Queensland gas market, after only 16 months of commercial production. The central gas facility at Berwyndale South is processing more than 60 terajoules (TJ) of gas a day, which is equivalent to 22 PJ a year and more than any other coal seam gas producing area in Australia. This is also the fastest rate of production increase of any of Australia's coal seam gas producers and this rate of expansion is sure to be maintained, as QGC prepares to deliver against a 540 PJ long term gas supply agreement with AGL.

Throughout the tumultuous events of 2007, our focus has remained steadfastly on commercialising the Company's coal seam gas resources in southern Queensland.

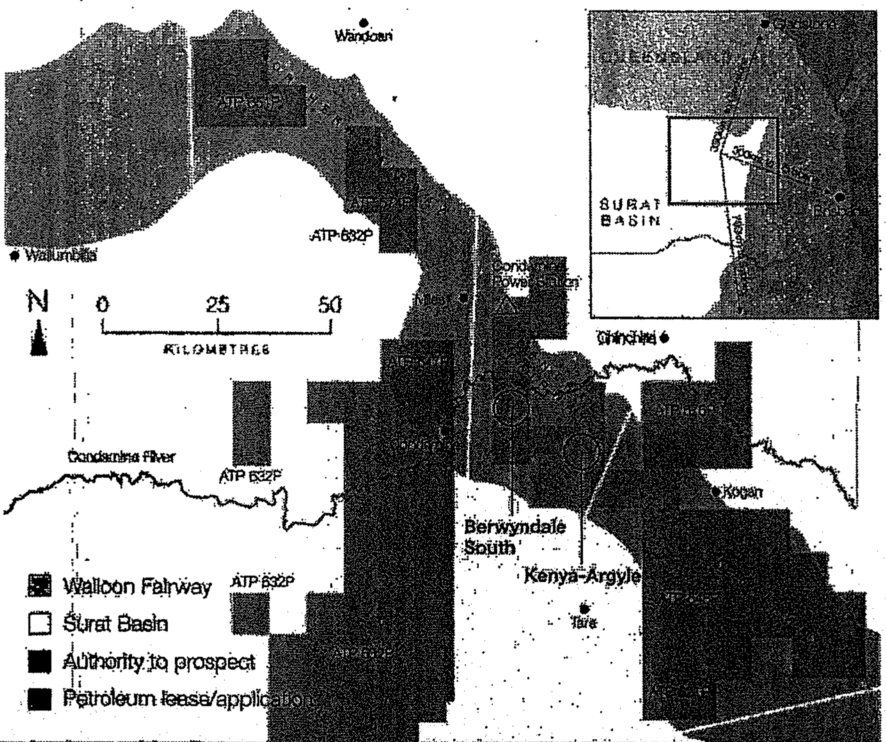
These results underline the importance of the Company's Growth Acceleration Strategy announced in July last year (with the very appropriate acronym GAS). The GAS, which was funded through a capital raising of $60.3 million in September 2006, delivered well above the mark. In mid-August, QGC announced it had been ascribed 2P gas reserves of 1,120 PJ in its own right. This was above the Company's stated 1,000 PJ target for 2P reserves and more than sufficient to cover QGC's existing gas supply commitments for the next 20 years, including the 10 PJ a year energy requirement of the Condamine Power Station.

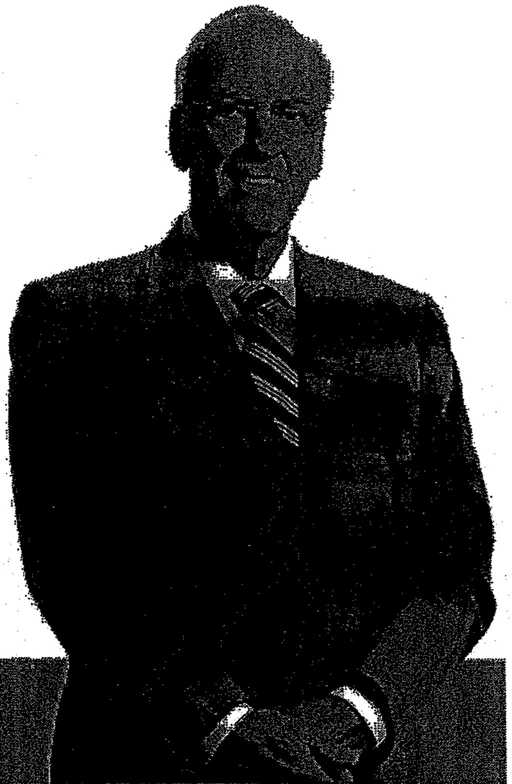
The GAS was also successful in delivering QGC's second development at Kenya-Argyle on budget and ahead of time, in company with Origin Energy. This new development is supplying gas to the Incitec Pivot fertilizer plant at Gibson Island in the Port of Brisbane.

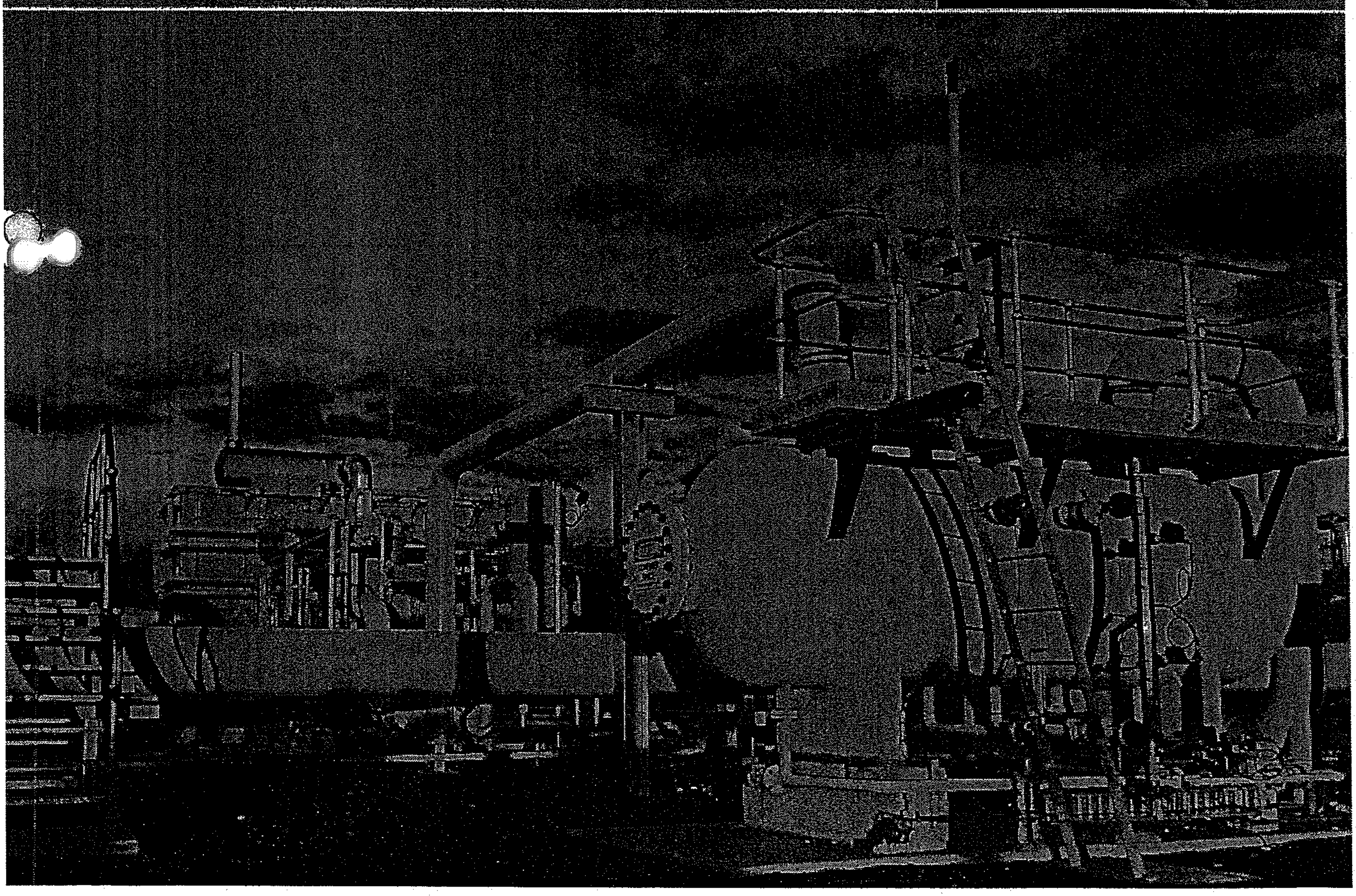
Two additional gas pilots were also developed to the north of Berwyndale South in this timeframe, and production testing at Berwyndale and Bellevue commenced in October 2006. Both of these pilots are located north of the Condamine River and close to the Condamine Power Station site, and as with the Kenya-Argyle development, they are connected to the Berwyndale South gas processing facility. Effectively, the growth strategy has created a network of gas and water gathering lines across the heart of the Walloon Fairway which has quadrupled the extent of QGC's operations and established an infrastructure backbone for future growth.

The rapid growth in production was not a chance event, but rather due to the major ongoing drilling programme undertaken during the year, and the outstanding results achieved by that programme. In total, 59 wells were drilled in the year with a further 19 wells drilled to the end of August in the current financial year. Flow rates from individual wells at Berwyndale South continued to increase in 2007, with more than half the wells recording average weekly gas flows equivalent to over a third of a petajoule a year per well. Remarkably, five of those wells have produced gas at a rate equivalent to over one petajoule a year. As of 30 June 2007, 77% of the wells at Berwyndale South were successfully configured as free-flowing without the need for any pumping. Shareholders would appreciate that this move simultaneously reduced capital and operating costs for each well and collectively reduced the in-house use of gas to around 5% (compared to a forecast of 11%).

The Walloon Fairway







Letter from the Chairman (continued)

Efficiency is a consistent driver for QGC and it underpins the Company's desire to enter the National Electricity Market. Generating electricity from gas is much more efficient than conventional coal fired operations, quite apart from the significant environmental benefits. Generating electricity from coal seam gas is even more efficient because it is not dependent on external water supplies – at a time when many Australian power generators are constrained by the worst drought in living memory. In QGC's case, the capacity to generate electricity where both the gas and the water are sourced, and close to existing infrastructure made the proposition irresistible. Market forecasts indicate that energy-hungry industry on Australia's eastern seaboard will be facing shortfalls from 2009 and QGC plans to be ready to meet that need with supplies of clean energy – in the form of gas or electricity.

Construction is already underway on QGC's first power station project – the 135 megawatt (MW) Condamine Power Station – which will be funded and owned by ANZ Infrastructure Services. The project is scheduled to deliver first supplies of electricity to the market in February 2009, some six months earlier than originally planned. QGC will be supplying the gas to the power station and there will be the flexibility to switch sales from electricity to gas if the prices dictate. This is surely the ultimate in flexibility.

The sheer scale of work undertaken by QGC in 2007 is breathtaking and the fruits of these labours did not go unnoticed by the share market.

In his Managing Director's review, Richard Cottee provides a detailed assessment of the Company's outlook and the macro economic environment that presents so many exciting opportunities for QGC in the short to medium term. While I will leave most of the discussion on the future to Richard, I would like to emphasise the strategic advantage to QGC presented by the deal with AGL – which was approved by shareholders in March 2007. That alliance provides a major market for QGC's gas, and also a window of opportunity to achieve rapid growth in the short term without fear of further corporate disruptions. The gas supply agreement with AGL also provides QGC with an opportunity to underwrite additional expansion of its gas business and the Gas Market Development Services Agreement presents an opportunity to increase sales to AGL and leverage their access to infrastructure on favourable terms.

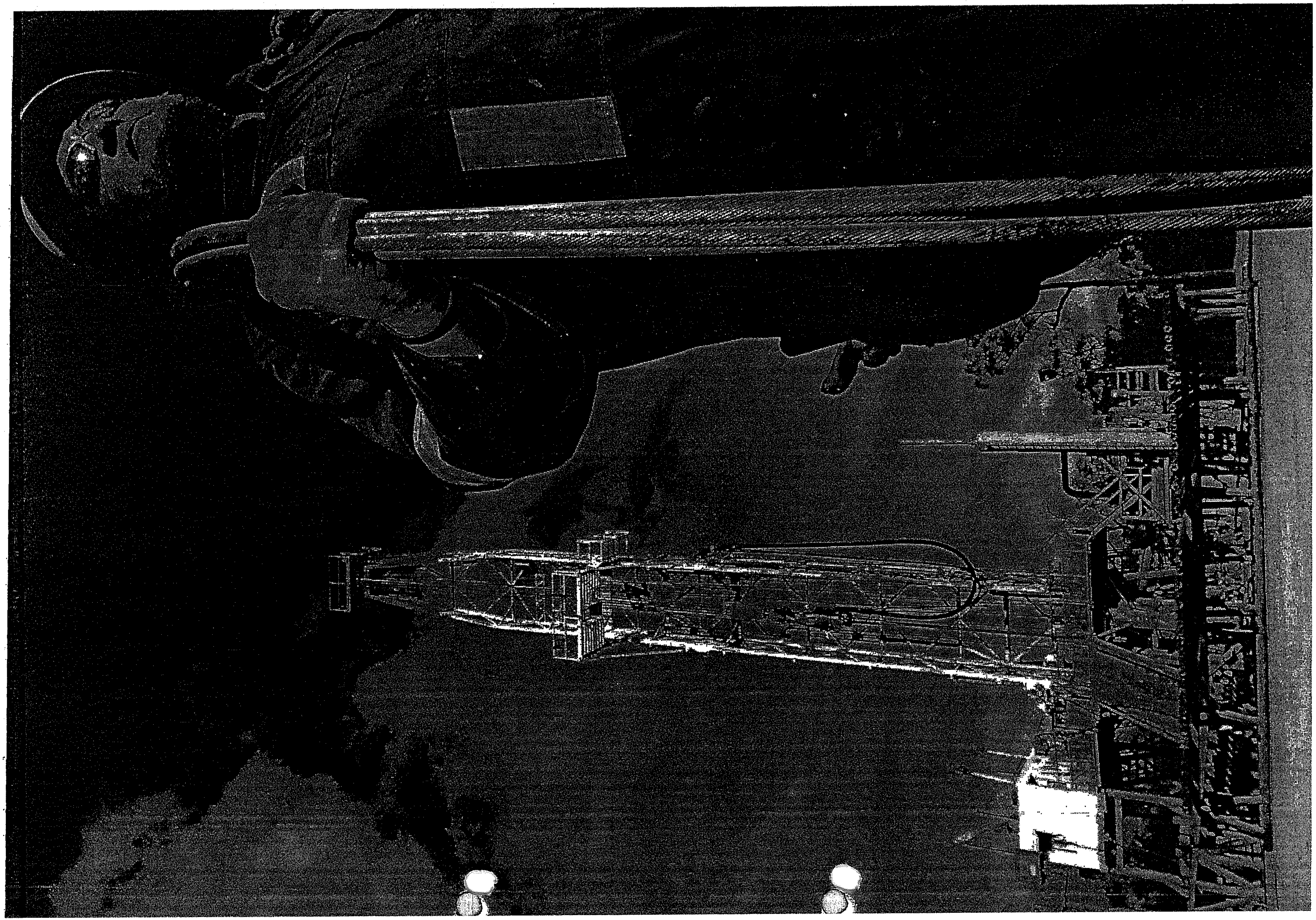
Let me now turn my attention to the ultimate source of QGC's achievements: people. The striking pictorial approach to this year's Annual Report is a deliberate effort to highlight the remarkable web of relationships that underlies QGC's success. The Board, management and entire team at QGC are all critical components of that success – and they deserve to be acknowledged for their contribution to this year's results. But they form only part of the picture. What is driving the Company forward on so many fronts is a myriad of partnerships developed over years; relationships between QGC's people and local landholders, suppliers, joint venturers, investors, shareholders, neighbouring communities and government agencies that have connected the Company to a diverse range of external networks. The sum of these parts is clearly much greater than the whole.

In the wake of the strategic alliance with AGL, QGC welcomed three new directors: Messrs Michael Fraser, Stephen Mikkelsen and Mike Moraza; all three bring to QGC's Board extensive experience in the energy sector in Australia and internationally, and we look forward to working with them in coming years. At the same time, we farewelled Denis Patten, a founding director of QGC; we thank him for his valued contribution to QGC's success and wish him well in the future.

The sheer scale of work undertaken by QGC in 2007 is breathtaking and the fruits of these labours did not go unnoticed by the share market. Market support for QGC's stock over the year saw the share price reach a high of $3.30 in July 2007 and market capitalisation top $2.2 billion. Like the rest of the market, QGC has fallen back in recent weeks, but still represents a 60% premium over the best offer given during the takeover. In the face of favourable market conditions, it was personally satisfying to see so few shareholders participate in the Share Buy-Back offered as part of the AGL transaction in April 2007. It confirms that the great bulk of QGC shareholders share our confidence in the future.

That just leaves our shareholders to be thanked for their continued support and loyalty. At the height of the takeover flurry shareholders were invited several times to take the money and go; but hardly a person moved. With this support from our owners, and the wind behind us, I think we can look forward to an exciting and fulfilling year ahead.

ROBERT BRYAN
Chairman of Directors



the passion

RICHARD COTTEE ENJOYS COMPLEXITY AND FACES IT ON A DAILY BASIS IN EVERY ASPECT OF HIS LIFE. HE AND HIS WIFE SHAUNA HAVE SIX CHILDREN, RANGING IN AGE FROM 9 TO 20. FAMILY IS AT THE HEART OF RICHARD'S AMBITIONS AND IT DRIVES HIS UNRELENTING FOCUS ON THE FUTURE.

Managing Director's report

October 2007 marks my fifth year as Managing Director for QGC and it has given me a great sense of satisfaction to see QGC prosper over that time.

I have made no secret of my belief in the Company's capacity to become a major integrated energy business in Australia and while I'm encouraged by progress to date, I remain myopically focussed on future growth. This growth is not without its challenges and risks. To date, QGC has managed to achieve stellar growth while maintaining a strong balance sheet, thus demonstrating the extent to which we have de-risked the Company. I believe the Surat Basin has the potential to rival Bass Strait within five years and QGC has the best position within this world-class gas resource. Its coal seam gas 'fairway' commences in the north with ATP 651P and extends right across to ATP 648P in the south east. QGC's growth plans are very ambitious, but I am confident that they are achievable because of the speed with which we have been able to grow the business in only our first year of commercial gas production. QGC is positioned like no other to benefit from Australia's growing energy demand. I have no doubt that QGC has the capacity to fuel that demand with abundant supplies of gas and gas-fired electricity from the coal seams of southern Queensland.

The rise of coal seam gas

As my Chairman described, QGC has achieved unparalleled success as a coal seam gas producer. The quality of our resource ranks among the best in the world in terms of its efficiency and productivity. The Company's rapidly growing gas production business has helped to transform the general perception of coal seam gas as an industry. Long-held views that pinned hopes on offshore gas sources were abandoned in 2007 along with the PNG gas pipeline. It is conceivable that QGC's competitiveness contributed to that outcome. We have demonstrated our ability to convert our domestic coal seam gas resource to commercial reserves of over 1,000 petajoules. We have proven that we can deliver on the promise of those reserves by developing gas operations on budget, and in time, to meet our customers' requirements.

Positioned for growth

The successful Growth Acceleration Strategy that drove the expansion of our coal seam gas business in 2007 was just the start of a massive growth phase for QGC.

Shareholder acceptance of the strategic alliance with AGL in March 2007 provided QGC with tangible means to realise its growth potential. AGL's investment in the business placed QGC in a strong financial position with sufficient cash at hand to fund extensive development and repay borrowings. The 20 year gas supply contract with AGL of at least 540 PJ of gas will underpin significant future expansion well beyond what is required to meet the contract. The Gas Market Development Services Agreement with AGL is a further benefit providing QGC with the opportunity to participate in the higher priced southern markets. In July 2007, Epic and AGL unveiled plans to construct a pipeline between Queensland and New South Wales, effectively establishing a national gas market. By the time that link is completed in December 2008, QGC will be in a perfect position to capitalise on the opportunity of participating in that market.

I have no doubt that QGC has the capacity to fuel that demand with abundant supplies of gas and gas-fired electricity from the coal seams of southern Queensland.

In June, QGC's Board approved a $260 million expansion programme which will see QGC drilling more than a hundred wells to support the doubling of gas sales in 2008 to 30 PJ and doubling sales again in 2009 to 60 PJ. These efforts will require a $56 million exploration programme aimed at increasing QGC's 2007 stock of 2P reserves to around 1,600 PJ. These are ambitious targets, but they are achievable. By the end of August 2007, Berwyndale South was already producing the equivalent of 22 PJ a year and the Company's share of 2P reserves had grown to 1,120 PJ.

Managing Director's report (continued)

Outlook

RICHARD COTTEE

Managing Director

The year at a glance

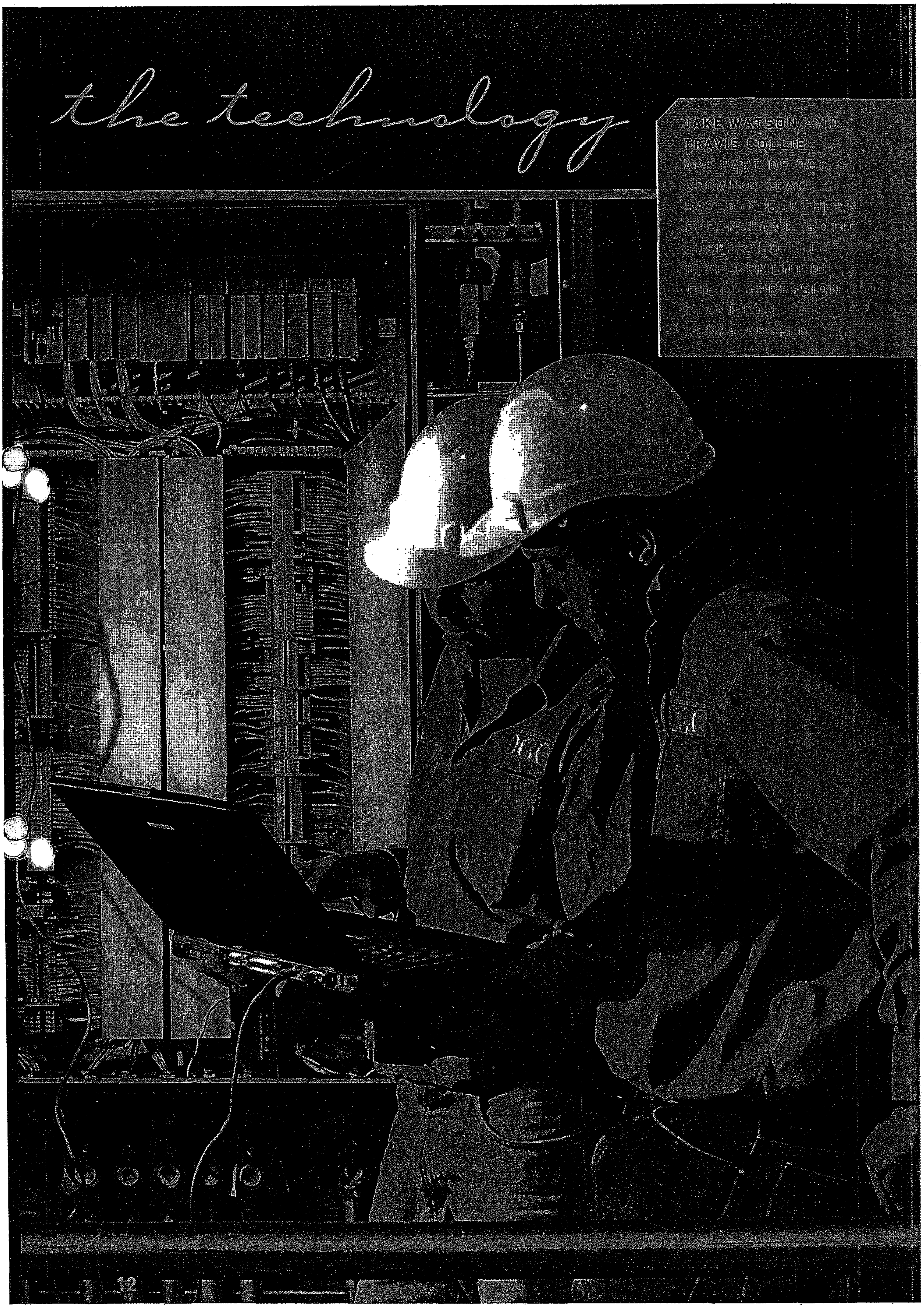
2006	21 July	Growth Acceleration Strategy (GAS) announced
	4 August	Prospectus released for Share Rights Plan
	27 September	$60.3 million raised from Share Rights Plan and work commenced on GAS
	5 October	Santos announces a $1.26 per share takeover bid
	8 November	QGC's 2P reserves upgraded by 64%
	15 November	QGC's Target's Statement released rejecting Santos offer
	5 December	Proposed alliance with AGL announced, including a $1.44 per share investment for a 27.5% interest
2007	24 January	ACCC decides not to rule against AGL alliance
	30 January	Santos advises of a revised takeover offer
	1 February	Explanatory memorandum sent to shareholders regarding proposed AGL alliance and Sentient transaction
	15 February	Santos submits a formal revised offer
	20 February	ACCC rules against Santos takeover
	28 February	TCW announces a $1.51 per share takeover bid
	1 March	QGC's 2P reserves upgraded by a further 27.5%
	2 March	Shareholders accept an improved AGL deal, where AGL acquires a 27.5% interest for $1.60 per share
	16 March	QGC announces Share Buy-Back at $1.52 per share
	10 April	Share Buy-Back closes with very limited takeup
	26 April	EPC contract awarded for the 135MW Condamine Power Station
	6 May	QGC celebrates first year of commercial gas production
	1 June	Financial close announced for Condamine Power Station
	21 June	QGC's Board approves a $260 million expansion plan and a $56 million exploration programme
	30 June	QGC ascribed 2P reserves of 1,120 PJ (announced to ASX on 16 August)

Subsequent to end of 2007 financial year

1 July	Gas sales commence to Incitec Pivot from Kenya-Argyle

the technology

JAKE WATSON AND
TRAVIS COLLIE
ARE PART OF QGC'S
GROWING TEAM
BASED IN SOUTHERN
QUEENSLAND. BOTH
SUPPORTED THE
DEVELOPMENT OF
THE COMPRESSION
PLANT FOR
KENYA ARGYLE.



Gas production

In its first full year of commercial production, QGC delivered 11.5 PJ of gas to industrial customers in southern Queensland. This result is well above QGC's forecast for the year and equivalent to around 15% of the Queensland gas market.

Gas production ramped up very quickly over the 12 months. On 1 July 2006, daily production totalled 19.2 TJ (equivalent to 7.0 PJ a year). By 30 June 2007, daily production had more than doubled to 53.5 TJ a day (equivalent to 19.5 PJ a year). By the end of August 2007, daily gas production had improved further to 62.0 TJ a day (equivalent to 22.6 PJ a year) as shown in the production chart below.

The rapid rate of increase in production is due to a significant expansion of QGC's gas production and processing capability in the Surat Basin. QGC brought 37 new development wells on line in the past year and doubled the capacity of its compression plant to exceed its contract obligations and take advantage of additional gas sales opportunities. By the end of August 2007, QGC had drilled a further 19 wells and more than a 100 new wells are planned to achieve sales equivalent to 60 PJ a year by 2009.

QGC continued to record exceptionally high gas flow rates from its production wells. Average flow rates across all production wells climbed past 1.4 TJ a day in 2007. More than half the wells had achieved daily production peaks of over 1.0 TJ a day and five of those wells had recorded daily peaks above 3.0 TJ a day. This is equivalent to over a petajoule a year, per well.

Production from individual wells was improved through a workover programme that resulted in the majority of production wells being converted to free-flowing wells. This means that wells are configured to flow gas without the need for pumping equipment. Apart from the savings in capital expenditure and maintenance costs, the result is that internal gas usage decreases, environmental performance improves and more gas is available for sale.

The combination of high flow rates and free-flowing wells improved the overall economics of QGC's gas production operations considerably.

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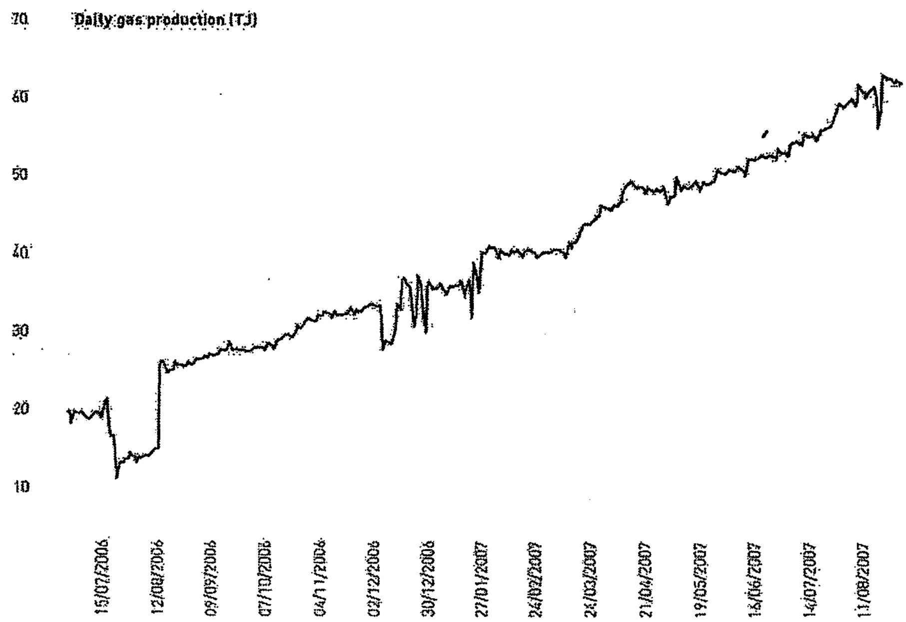
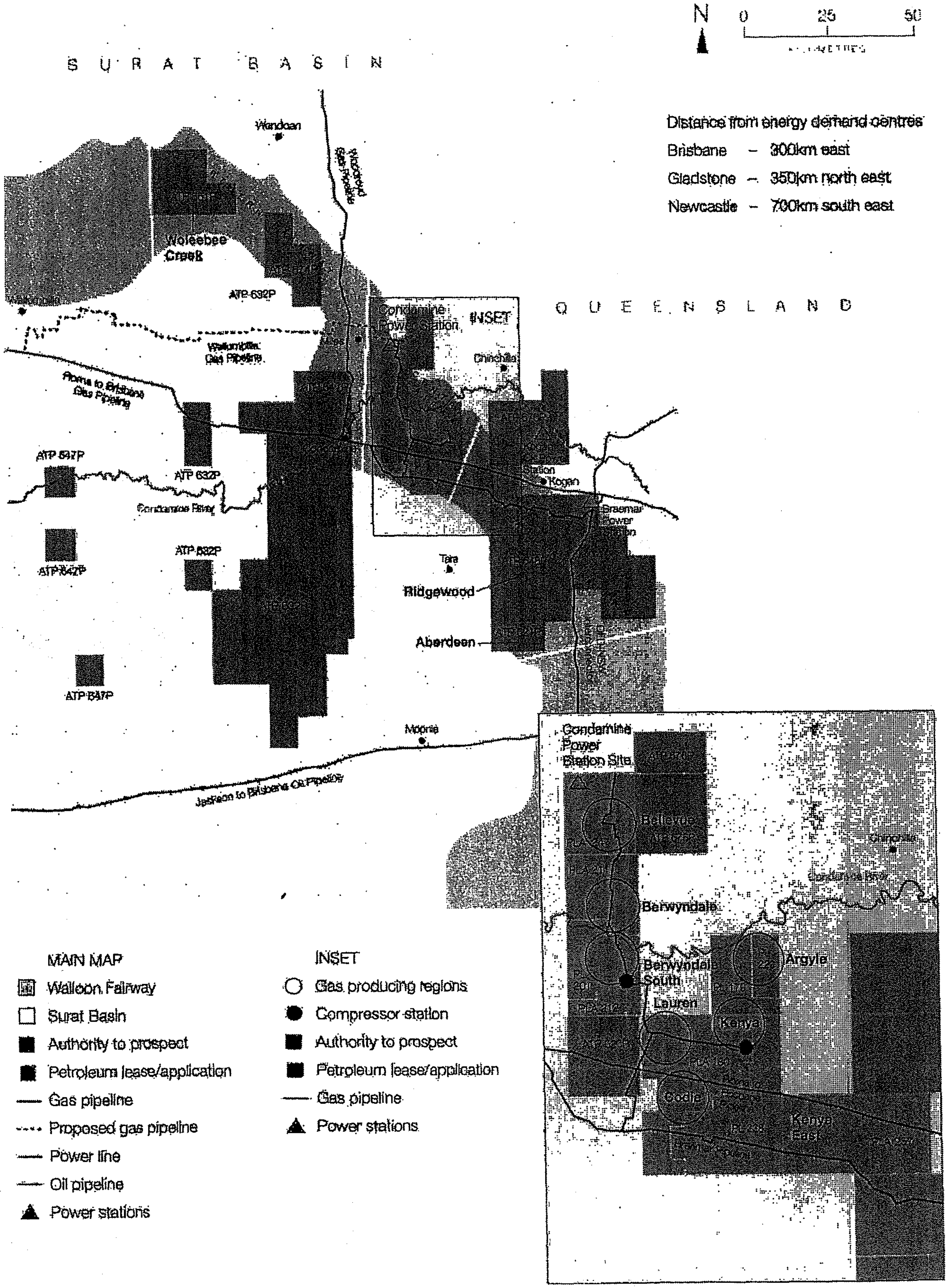


Gas production [continued]

QGC tenements and the Walloon Fairway



Berwyndale South

Location: *PL 201 and PLA 211*

Ownership: *QGC Group (100%)*

Berwyndale South is the heart of QGC's gas production operations in the Surat Basin. It processes gas from production and appraisal wells across QGC's operations and delivers gas to customers via a 14 km link to the Roma to Brisbane Gas Pipeline. In 2007, the processing capacity was upgraded to cater for increased gas production in other QGC sites. Two additional reciprocating compressors and a dehydrator were installed by the end of June 2007 and were being commissioned.

Berwyndale South was QGC's first development in the Surat Basin and celebrated its first full year of commercial production in May 2007. Total production more than doubled in 2007, exceeding gas supply contracts with CS Energy and Braemar Power Project, and deliver additional spot sales of gas to other customers. Average flow rates from individual wells climbed to 1.4 TJ a day making Berwyndale South the best performing coal seam gas area in Australia in terms of productivity. Peak weekly flow rates for the original 23 wells that underpinned the development and have been on production for 12 months have exceeded 2 TJ a day.

At the end of June 2007, 44 production wells were on line and 77% of those wells were configured to free-flow gas. As a result of a major expansion programme in the year, Berwyndale South's processing capability increased to more than 100 TJ of gas per day (equivalent to 36 PJ a year), making it one of the largest coal seam gas operations in Australia.

Kenya-Argyle

Location: *PL 228, PL 229 and PL 179*

Ownership: *QGC Group (59.375%) and Origin Energy CSG (40.625%)*

QGC and joint venturer Origin Energy CSG commissioned Kenya-Argyle in June 2007 and commenced gas supplies to Incitec Pivot Limited (IPL) on Sunday 1 July 2007 in line with the customer's requirements. Gas supplies to IPL's fertiliser manufacturing facility at the Port of Brisbane increased to the full contract rate of 20.3 TJ a day (equivalent to 7.4 PJ a year) by late August 2007, in accordance with the 10 year contract with IPL.

Kenya-Argyle is located 15 km to the east of Berwyndale South and was developed rapidly in 2007 as part of QGC's Growth Acceleration Strategy. All essential infrastructure for the development was commissioned by the end of June 2007 including 40 km of gas and water gathering pipeline, 36 PJ of field compression equipment and a 21 km pipeline to the gas processing facility at Berwyndale South.

In 2007, twenty-two production wells were drilled at Kenya in PL 228 and three production wells at Argyle in PL 179 as the first phase of a staged programme to fulfil and exceed the IPL contract. Sixteen of those wells were brought on line by the end of June 2007 and production from the development had reached 6.5 TJ a day (equivalent to 2.3 PJ a year) by the end of August 2007.