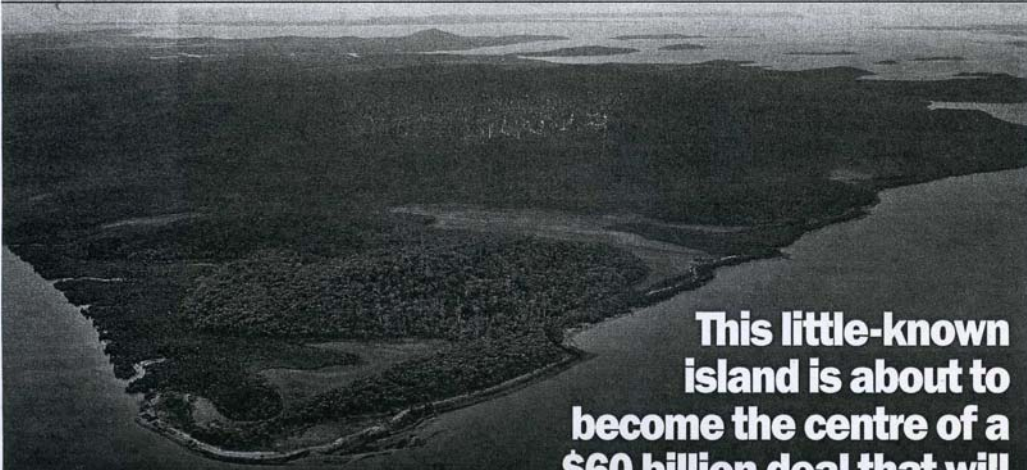



Publication: The Courier Mail
 Date: Thursday 25th March 2010
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This little-known island is about to become the centre of a \$60 billion deal that will have Queensland ...



COOKING WITH GAS

Steven Wardill
 Emma Chalmers

A MAMMOTH export deal fuelled by Queensland's gas reserves has the state on the cusp of a new economic boom.

Coal seam gas, drawn from the Surat Basin, will be converted to liquefied natural gas at Curtis Island, off Gladstone, in a project linking the bush to the coastline. Premier Anna Bligh last night

joined with representatives of BG Group to announce the company's \$60 billion contract to sell LNG to China for the next 20 years.

The agreement to sell LNG from early 2014 will add about \$200 million a year to Queensland Treasury coffers.

Total annual royalties from Queensland's gas reserves - which are big enough to power the state for 40 years - are expected to rise to \$800 million. Up to 8500

jobs will be created during construction of BG Group's gas plant and pipeline.

Ms Bligh said the signing of the agreement was a "historic day for Queensland" with the birth of an LNG export industry.

"This agreement signals the beginning of a new era in the evolving LNG industry, with thousands of jobs and billions of dollars in export revenue for Queensland," she said. "It is

placing Queensland front and centre of this growing industry and means we are now a leading player in the global LNG market."

Under the deal, 72 million tonnes will be supplied to the China National Oil Corporation from BG Group subsidiary Queensland Gas Company. It will be shipped from Curtis Island, home to a national park, just north of Gladstone.

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LNG deal to have state cooking with gas

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The controversial site requires final state and federal environmental approvals, expected to be completed by the middle of this year.

The gas contract comes after the board of another major Queensland gas player, Arrow Energy, agreed this week to

accept a \$3.44 billion takeover offer from PetroChina-Royal Dutch Shell.

The emergence of the booming industry - which the Government believes could create up to 18,000 jobs, could not have come at a better time for Ms Bligh.

The Premier's administration

has been savaged by an economic crisis, with huge falls in revenue.

A \$15 billion plan to sell state assets and refocus Queensland's finances has proved greatly unpopular and has been the cause of major divisions throughout the Labor Party.