

Another \$40b LNG contract

Kieran Moran | 25th March 2010

THE LNG train is gaining momentum as the big players get on board.

BG Group signed a contract worth an estimated \$40 billion — a record for the company — to supply natural gas to China.

BG will process the LNG at the Queensland Curtis LNG Project on Curtis Island at Gladstone.

The 20-year deal to supply liquefied natural gas from coal-seam gas deposits in eastern Australia was finalised yesterday in Beijing with CNOOC, the Chinese state-controlled oil producer.



Curtis Island.

submitted by Stephen Mills Photography

The contract is the largest LNG supply deal signed by BG and comes almost a year after the two companies agreed preliminary terms, under which CNOOC is to acquire 3.6 million tonnes of LNG a year, shipped from BG's proposed export terminal in Queensland.

It is also the latest in a string of huge deals in Australia's rapidly evolving coal seam gas industry, where a land grab for resources is under way between the world's biggest energy companies. Royal Dutch Shell and PetroChina agreed this week to buy Arrow Energy, an Australian coal seam gas producer, for an estimated \$3.15 billion.

Member for Flynn Chris Trevor welcomed the news that Gladstone's LNG industry was a step closer to fruition.

"It's a massive step forward for the Gladstone region and for all those people who have been working hard to ensure that the LNG industry becomes a reality here," Mr Trevor said.

"The deal will see our very own Curtis Island playing a vital role in global energy markets around the world and that is very reassuring."

BG Group declined to comment yesterday on the latest CNOOC deal.

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