

Media enquiries

Matthew Doman
+61 8 8116 5260 / +61 (0) 421 888 858
matthew.doman@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

27 May 2011

Prime Minister launches works on GLNG plant

Prime Minister Julia Gillard today officially launched works on the Santos GLNG liquefied natural gas plant on Curtis Island, signalling the start of a new economic boom for the region.

Construction of the \$16 billion project was officially launched in a ceremony attended by the Queensland Premier Anna Bligh and senior representatives of the project partners, Santos, PETRONAS of Malaysia, Korea Gas and French energy conglomerate Total.

The commencement of works marks the start of Australia's latest resources mega-project.

"Today marks an historic milestone for GLNG," Santos Chief Executive and Managing Director David Knox said. "Construction on Curtis Island heralds an economic boost for Gladstone, Queensland and Australia – and represents another significant commercial and strategic link between Australia and Asia."

"Over the life of the project, GLNG will pay around \$40 billion in Federal Income Tax."

Queensland Premier Anna Bligh said the GLNG project had already added over \$2 billion to Queensland's economy and is set to make a substantially greater contribution.

"Over the next 25 years, the project will contribute over \$6 billion to State revenue, generate \$9 billion a year in exports and see the creation of 6,000 jobs," Ms Bligh said.

Santos Chief Executive and Managing Director David Knox said the commencement of works on the GLNG plant was the culmination of more than three years of planning and preparation.

"Curtis Island is the engine room for the whole project," Mr Knox said. "This is where coal seam gas from Queensland's world-class fields will be converted to LNG and exported to Asia."

"The growing demand for natural gas in Asia is driven by the region's need for cleaner, secure, safe and reliable energy – and that's what GLNG will provide."

GLNG alone will supply 11% of Korea's domestic gas needs and 9% of Malaysia's gas consumption.

Today's ceremony on Curtis Island was attended by PETRONAS Executive Vice President - Gas and Power Business, Datuk Anuar Ahmad, KOGAS Executive Vice President Resources Development, Young Sung Park and Mike Sangster, Managing Director of Total Australia.

Work is already underway at GLNG's mainland sites in the Port of Gladstone with the construction of the temporary and permanent logistics facilities.

Santos and its partners have moved quickly to advance the GLNG project since making a final investment decision in January this year. Contracts worth more than \$700 million have been let to Australian suppliers in past three months.

Government approvals have been received for clearing, earthworks, dredging and marine construction work in Gladstone.

GLNG's world-class contractors are actively engaged. Plant contractor Bechtel has already issued contracts worth over half a billion dollars, gas transmission pipeline contractor Saipem has commenced mobilisation and preliminary survey work, and the upstream surface facilities contractor Fluor has begun detailed engineering work.

The Chief Executive of GLNG, Mark Macfarlane, said Santos and its partners were committed to maintaining the highest environmental and safety standards in developing the GLNG project, and to continue close engagement with local communities during the construction and operation of the venture.

"Throughout construction, GLNG will always be considerate of the community's needs. This project will leave a positive and lasting legacy," Mr Macfarlane said.

About GLNG

GLNG includes the development of coal seam gas (CSG) resources in the Bowen and Surat Basins in south-east Queensland, construction of a 420-kilometre gas transmission pipeline from the gas fields to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 million tonnes per annum (mtpa) on Curtis Island.

GLNG will create 5,000 jobs in construction in addition to 1,000 permanent jobs in production. Already 2,000 people are working on the project – in regional Queensland, Brisbane, Houston and the Philippines.

GLNG is a joint venture between Santos (30%) and three of the world's largest LNG companies, PETRONAS (27.5%), Total (27.5%) and KOGAS (15%).

First LNG exports are expected to commence in 2015. GLNG has binding LNG sales agreements with PETRONAS and KOGAS for 7 mtpa in aggregate.

The project has a gross capital cost of US\$16 billion from FID until the end of 2015, when the second train is expected to be ready for start-up.

Ends