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GLNG and Australia Pacific LNG sign upstream cooperation deal

Two of Australia's leading LNG projects today signed gas swap and infrastructure connection agreements that provide flexibility and allow both proponents to realise capital and operational efficiencies.

The new agreements between the Santos GLNG and Australia Pacific LNG projects will make gas transportation more efficient between the two projects' Surat Basin gas fields in Queensland, and reduce the need for additional pipeline infrastructure.

Santos GLNG and Australia Pacific LNG are joint venture partners in a number of permits in the Surat and Bowen Basins, and the agreements will allow both parties to more efficiently access and transport their equity gas, in order to meet the requirements of their CSG to LNG projects.

Trevor Brown, Santos Vice President Queensland, said, "this agreement demonstrates the real efforts that Queensland's LNG projects are making to work together to reduce costs and deliver long-lasting efficiencies.

"It's a win-win for both projects and puts us in a strong position as we work towards the delivery of first LNG in 2015," he said.

David Baldwin, Chief Executive Officer LNG for Origin, the Upstream operator of the Australia Pacific LNG project said, "Australia Pacific LNG is pleased to have reached these agreements, which pave the way for more efficient development and transport of gas resources, while reducing the footprint of the industry by avoiding the need to build additional infrastructure such as pipelines."

Under the terms of the agreement, two pipeline connection points will be built between Santos GLNG and Australia Pacific LNG infrastructure and a number of gas swap agreements undertaken to minimise gas movements and operational costs.

The first pipeline connection located on the Santos-operated Fairview gas field, north of Roma will enable significant volumes of gas to flow bi-directionally between Santos GLNG and Australia Pacific LNG.

The second pipeline will connect the Santos GLNG Scotia gas field, east of Roma, to Australia Pacific LNG's main gas transmission pipeline.

Without this agreement both projects would need a total of 140km of additional pipelines and multiple connection points at compressor stations to each deliver its gas to Curtis Island.

Background:

Australia Pacific LNG Pty Limited is an incorporated joint venture between Origin Energy Limited (37.5%), ConocoPhillips (37.5%) and Sinopec (25%). The Australia Pacific LNG project includes the development of Australia Pacific LNG's substantial coal seam gas resources in the Surat and Bowen

Basins, a 530 km transmission pipeline, and a multi-train LNG facility on Curtis Island, near Gladstone. www.aplng.com.au

The Santos GLNG Project is a joint venture between Santos (30%), PETRONAS (27.5%), Total (27.5%) and KOGAS (15%) to supply liquefied natural gas for export to global markets. It represents a major investment in a cleaner energy source for the future. The project involves the development of gas fields in the Bowen and Surat Basins, the construction of a 420 kilometre underground gas transmission pipeline to Gladstone and a two-train LNG processing facility on Curtis Island in Gladstone. www.santosglng.com

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