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ASX ANNOUNCEMENT

QGC delivers full contract volumes to CS Energy ahead of time

Queensland Gas Company (QGC) announced today that it had delivered gas throughout the last week at the full contract rate of 4 petajoules per annum (11 million cubic feet per day) to Queensland Government-owned power generator CS Energy from the Berwyndale South Gasfield in Queensland's Surat Basin.

Berwyndale South is QGC's first gasfield development and the CS Energy contract is its first commercial supply agreement.

Initial quantities of commissioning gas were delivered to CS Energy on 6 May and had been expected to build to the full rate in June. However, commissioning activities progressed so well that the full contract rate was achieved in only the second complete week of commercial supply.

Daily gas sales from the field reached the contracted 4 petajoules (PJ) rate two and a half months ahead of the 31 July 2006 deadline specified in the contract with CS Energy.

There are currently 24 wells on production at Berwyndale South, and half of these are flowing at more than 500,000 cubic feet per day.

QGC is the operator and majority owner in the Berwyndale South Gasfield (90%) in joint venture with Sentient Gas Australia (10%).

QGC and Sentient have an unconditional gas sales agreement with CS Energy to supply 4 PJ of gas a year for the next 10 years to the generator's Swanbank E Power Station, near Ipswich in south east Queensland.

The CS Energy agreement is the first of three unconditional 10-year contracts for QGC to supply coal seam gas from the Surat Basin. QGC is contracted to supply another 4 PJ a year from Berwyndale South to the Braemar Power Station commencing in October 2006, and 7.4 PJ a year to Incitec Pivot commencing between July and September 2007 from the Argyle East Gasfield (QGC 59.37%).

The contracts total a minimum of 15.4 PJ a year over 10 years with options to increase to 22.1 PJ a year. QGC's equity share of the contracts is for a minimum of 11.6 PJ a year with options to increase to 17.3 PJ a year.

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