



E N E R G Y Q U E S T

MEDIA RELEASE

Tuesday, 27 May 2008

- **Australian petroleum production falls 5% in March quarter**
- **Record coal seam methane production (again)**
- **Australian domestic gas prices stay well below LNG prices**
- **Oil production down**

Australian petroleum production slowed in the first three months of 2008 due to sharply lower production of crude oil and natural gas liquids.

A key report – issued today by energy economics group, EnergyQuest - revealed that Australian petroleum production to 31 March 2008 fell 5.1% to 106 million barrels of oil equivalent (MMBOE) - down from 112 MMBOE in the same three-month period last year.

Continued growth in domestic gas: coal seam methane production up 38.4%

Domestic gas production grew by 2.3%, with a 2.1% fall in conventional gas production more than compensated for by further strong growth in coal seam methane (CSM) in Queensland.

“Coal seam methane production continues to grow strongly,” EnergyQuest CEO, Dr Graeme Bethune, said.

“It hit a new record of 34.3 petajoules (PJ) for the March 2008 quarter, making a total of 123.1 PJ for the 12 months to March,” he said.

“This was nearly a quarter (23.8%) of the entire east coast gas production.

“Gas-use on the east coast grew strongly in 2007, driven by increased gas-use for electricity generation and so far this has continued into 2008.”

East coast domestic gas prices continue well below export prices

East coast gas prices ranged between A\$1.95 and A\$3.55 per gigajoule (GJ) in the three months to 31 March 2008.

Average Australian LNG export prices were A\$7.29 per GJ for the quarter, significantly below average Japanese LNG import prices of A\$11.61 per GJ.

Japanese buyers paid an average of over A\$18 per GJ for LNG from Algeria to meet winter demand.

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LNG production down slightly

LNG production fell slightly, by 1.3% (including 100% of Bayu-Undan) to 3.6 million tonnes for the quarter.

There are 14 new LNG projects proposed, including the PNG project that has recently entered Front End Engineering and Design (FEED) status and four east-coast projects based on CSM.

Big fall in oil production

Oil production in Australia fell by 11.7% to 26.6 million barrels (MMBBLs) in the March quarter, despite the strong performance of BHP Billiton's new Stybarrow oil field offshore Western Australia.

Oil production dropped in all Australia's major oil-producing basins - the Bonaparte Basin offshore the Northern Territory, the Carnarvon Basin offshore Western Australia and the Gippsland Basin, offshore Victoria.

The Cooper Basin (onshore South Australia and Queensland) was an exception, recording a 24.1% growth in production.

The production declines reflected a range of causes including more severe cyclone activity, natural field decline and equipment failure.

"The significant drop in Australia's oil production for the first three months of 2008 is extremely disappointing," Dr Bethune said.

"Australian oil production grew last year for the first time since 2000," he said.

"There was widespread industry hope that the growth would continue in 2008, so this isn't a good start."

Production of natural gas liquids also fell, by 13.8% for LPG, down to 5.3 MMBBLs, and by 10.6% for condensate, down to 9.2 MMBBLs.

EnergyQuest oil and gas production and reserves estimates are compiled from a comprehensive database of company reports and are published in the company's EnergyQuarterly.

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