



E N E R G Y Q U E S T

MEDIA RELEASE

Tuesday, 2nd September 2008

**Australia's booming coal seam gas sector
pushes 2007-08 production to record**

- **Coal seam gas production up 39% in 2007-08**
- **CSG reserves up 87%**
- **Oil production down**
- **Australia petroleum trade deficit passes \$10 billion**

A key report – issued today by energy economics group, EnergyQuest - reveals that Australian coal seam gas production to 30 June 2008 rose by 38.9% to 132.9 petajoules (PJ) - up from 95.7 PJ in the previous financial year.

The report shows massive growth in coal seam gas (CSG) reserves in Queensland and NSW during the year.

A year ago total proved and probable (2P) CSG reserves were 6,600 PJ, about ten times annual east coast demand. Reserves have since almost doubled to 12,400 PJ (2P).

“The development of Australia's CSG reserves continues apace and demand remains very strong,” EnergyQuest CEO, Dr Graeme Bethune, said today.

“Total CSG reserves and resources on the east coast are now nearly 60,000 PJ,” he said.

“In less than five years the east coast has gone from facing a looming gas shortage to having more than enough gas to meet local demand and export overseas.

“Queensland looks set to join Western Australia and the Northern Territory as an important LNG exporter.”

EnergyQuest has released a major report, ***Australian Coal Seam Gas 2008: CSG Meets LNG***, which provides a comprehensive assessment of the outlook for CSG in the international gas market.

Australian domestic gas production up 5%

Dr Bethune said total Australian domestic gas production (ie gas produced for Australian use rather than export) rose by 5.3% to 1,017.8 PJ in 2007-08, reflecting a 1.6% increase in production from conventional gas fields plus the growth in CSG.

Growth in use of gas was particularly strong on the east coast, up by 6.8%, mainly due to increased gas-fired power generation.

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LNG production down slightly

Production of Liquefied Natural Gas (LNG) for export fell slightly, by 2.5% (including 100% of Bayu-Undan) to 14.5 million tonnes for the year.

New production of LNG from the North West Shelf Fifth Train, which has just commenced, will boost Australian LNG production by around 30% or 4.3 million tonnes in 2008-09.

Fall in oil production continues

Australian oil production continues its disappointing run, with a drop of 11.5% for the year, 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 14.2% growth in production.

Lower petroleum production

Because of the fall in oil production, total Australian petroleum production fell by 1.9% to 466.3 million barrels of oil equivalent for the year.

Record petroleum trade deficit

The petroleum trade deficit for the year reached \$10,850 million, up from \$5,800 million in the previous year.

"Record high oil prices and falling production meant that Australia recorded a record petroleum trade deficit of almost \$30 million a day in 2007-08," Dr Bethune said.

"Despite high fuel prices, petroleum imports leapt 11.3%. Australia imported 39 billion litres of crude oil, petrol, diesel and jet fuel in 2007-08, huge growth on the 35 billion litres imported in the previous year."

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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