

Qld deal will trump WA gas fields -Bligh

Wednesday, March 24, 2010 » 09:36pm

Queensland is set to trump Western Australia with the nation's biggest natural gas development after landing the world's largest liquefied natural gas deal.

China National Offshore Oil Corporation (CNOOC) signed an agreement with Britain's BG Group to buy \$60 billion in natural gas from a Queensland project.

Premier Anna Bligh says 72 million tonnes of LNG will be supplied over 20 years from BG Group's Queensland Curtis coal seam gas-to-LNG project in Gladstone.

Ms Bligh says it will rival WA's North West Shelf. 'This agreement signals the beginning of a new era in the evolving LNG industry with thousands of jobs and billions of dollars in export revenue for Queensland,' Ms Bligh said.

'It is placing Queensland front and centre of this growing industry and means we are now a leading player in the global LNG market.'

She said Australia's previous largest LNG contract was WA's North West Shelf project to supply 82.5 million tonnes of LNG over 25 years. Queensland's economy will benefit greatly from the deal, with the creation of thousands of jobs, she said.

'During construction of the plant in Gladstone, gas fields in Chinchilla and Miles and construction of the pipeline, it will have a peak work force of 8,500,' she said.

Ms Bligh said the project was expected to bring in \$200 million annually to Queensland's coffers through royalties.

Until now, Australia's single biggest trade deal was Chevron Corporation agreeing to sell \$90 billion worth of LNG from its Wheatstone project in Western Australia to Tokyo Electric Power Company in December last year.

The Wheatstone deal, although worth more, is so far only a heads of agreement and has not yet been made binding like BG Group's Curtis deal.

Resources Minister Martin Ferguson, who witnessed the agreement signing in Beijing, said the deal made Australia the world leader in the coal seam gas-based LNG industry.

He said Queensland's coal seam gas resources had been estimated at 150 trillion cubic feet - enough to power the state of Queensland for 1000 years.

The senior vice president of BG Group's subsidiary QGC, David Maxwell, said six to seven people a week were already being employed in preparation for the project.

Mr Maxwell said there had been a lot of interest from throughout Australia to fill positions but the company had considered using 457 Visas.

'That is something that we've taken into account and there may be some imported labour but in all likelihood the bulk of the labour force will be sourced from within Queensland and other parts of Australia,' he told reporters in Brisbane.

And the company hoped to further grow the project beyond the current deal.

Ms Bligh said a \$10 million LNG skills plan had been drawn up to ensure that as many of the jobs as possible could go to Queenslanders.

But she conceded there was a 'big challenge' ahead to ensure adequate training for all workers. 'This is a new industry so there are new sets of skills that need to be developed,' she said.

'... We've got three to four years before those skills are needed and that's why we're planning now.'