



**QUEENSLAND GAS COMPANY LIMITED**

Level 11, 307 Queen Street, Brisbane QLD 4000

GPO Box 3107, Brisbane QLD 4001

Tel: 07 3004 1000 Fax: 07 3012 8411

Website: [www.qgc.com.au](http://www.qgc.com.au)

Email: [qgc@qgc.com.au](mailto:qgc@qgc.com.au)

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## Wallumbilla Pipeline set to proceed

Queensland Gas Company (QGC) announced today that it had reached agreement with AGL Energy Limited (AGL) regarding the development of a 115 kilometre gas pipeline linking QGC's gasfields with Wallumbilla and providing increased capacity for the transport of QGC's gas into western Queensland and ultimately the southern states.

Under the terms of the agreement, AGL assumes full responsibility for the development of the project (PPLA 123) and commits to develop the pipeline with a target completion date of January 2009. Under the agreement, QGC will have an option to buy back into the pipeline, following which the pipeline would be owned equally by QGC and AGL under a 50/50 joint venture.

QGC Managing Director Richard Cottee described the deal as a major commitment by the parties in developing a significant piece of gas transportation infrastructure for both AGL and QGC.

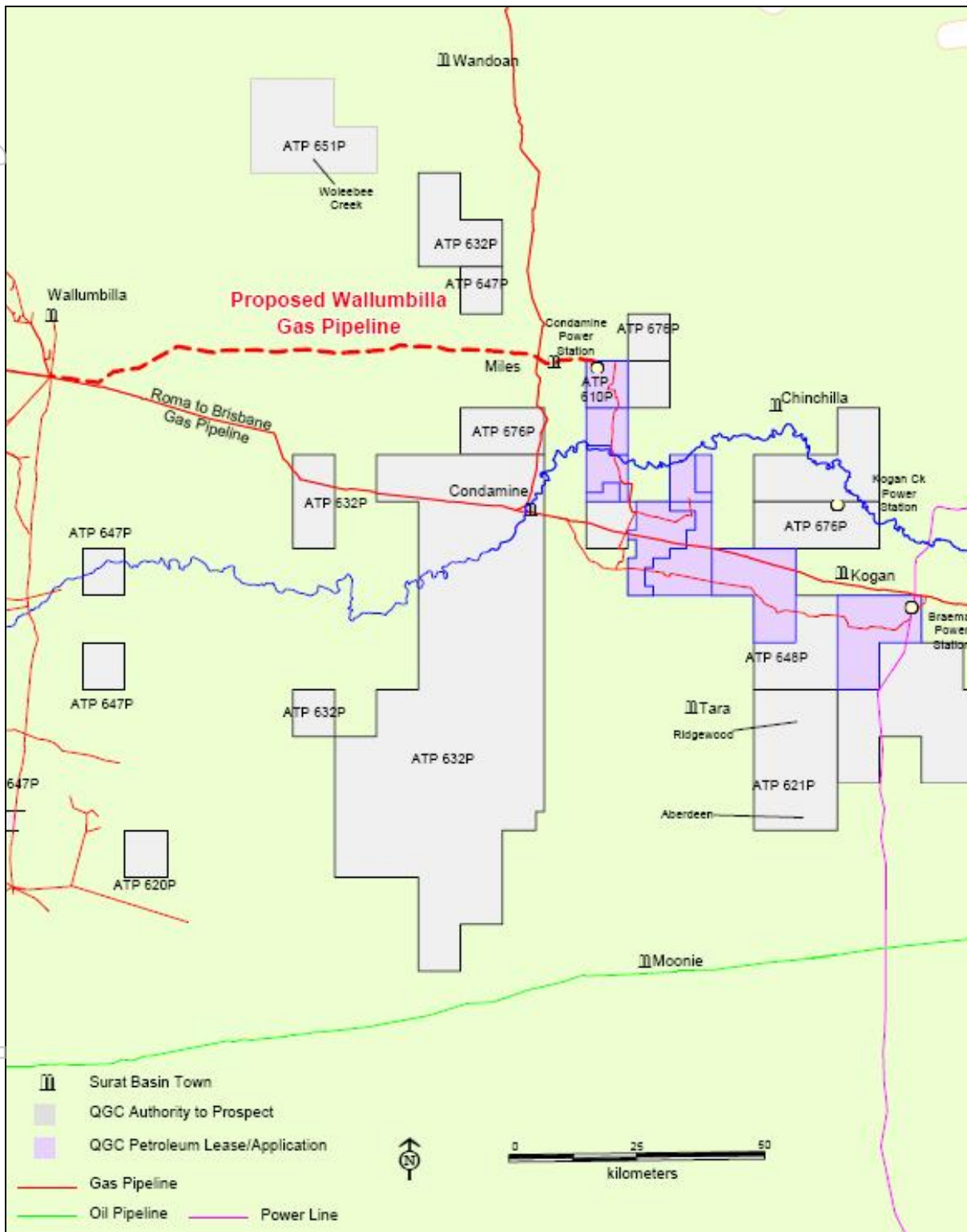
"This pipeline, combined with the Ballera to Moomba pipeline interconnect currently being completed by EPIC and AGL, will allow for the efficient northern and southern distribution of up to 740 PJ of gas purchased by AGL under a long term Gas Sales Agreement with QGC in March 2007. From QGC's perspective, it alleviates what has been a major constraint in Queensland's gas transportation network and supports additional gas marketing opportunities for QGC."

The pipeline will provide a major new gas transport corridor that dramatically improves the physical connection between QGC's gasfields and markets to the west, north and the south.

"QGC has invested significant energy into the development of the pipeline in line with its commitment to improve gas transportation infrastructure and open access to new markets," he said.

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The location of the Wallumbilla Pipeline is shown in the map below:



For further information contact:  
Mr Richard Cottee  
Managing Director  
Queensland Gas Company Limited  
Telephone: (07) 3004 1000  
Facsimile: (07) 3012 8411  
Website: [www.qgc.com.au](http://www.qgc.com.au)

