

# The Australian

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## BG secures \$20bn gas contract: first coal-seam LNG for Japan

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**BG Group has finalised a supply agreement with Tokyo Gas worth up to \$20 billion for its Queensland Curtis Island project, the first deal with Japan for coal-seam liquefied natural gas.**

"Tokyo Gas is now an important foundation customer for our ground-breaking Queensland Curtis LNG project," chief executive Frank Chapman said.

"With these agreements we will bring a new source of natural gas to Japan -- the largest LNG market -- and advance the long and rewarding relationship between our companies."

The deal, announced in March last year, is for the annual supply of 1.2 million tonnes of liquefied natural gas for 20 years from 2015. The LNG will be sourced from Surat Basin coal.

BG Group Australian head Catherine Tanna and global LNG managing director Martin Houston were yesterday joined in Brisbane by Tokyo Gas president Tsuyoshi Okamoto to finalise the agreement.

It was the first time a Japanese buyer had committed to a long-term purchase of LNG produced from an unconventional source such as coal-seam or shale gas, Tokyo Gas said.

"Tokyo Gas will be supplied with LNG from QCLNG and also from the BG Group's global LNG portfolio, which will bring stable, flexible and competitive supplies of LNG to the company," the group said.

The new customer added that its support of the Curtis LNG project would diversify Tokyo Gas's supply to include both rich and lean LNG. It also hinted it would seek additional supply. "Tokyo Gas will contribute to launch this CSG-LNG project and increase LNG supply capacity by participating as a foundation buyer, and will explore opportunities to receive LNG from various other sources," it said.

"The company will continue to secure stable supply of LNG with competitive terms and develop its business in the LNG value chain."

BG was the first of the big four Gladstone LNG proponents to have its project approved, followed by Santos, which also has approval for construction of a two-train project on Curtis Island.

Mr Chapman flagged last month that the British gas giant was already marketing gas from a \$5 billion third production train, as it looked to expand its two-train operation.

The Tokyo Gas agreement adds to QCLNG's list of deals, which lock in about 10 million tonnes of gas a year.

Other contracts include a \$60bn deal with China National Offshore Oil Corporation for some 3.6 million tonnes a year over 20 years.

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