

November 24, 2008

UCG SHUT OUT TO COST QLD BILLIONS AND RISK FUEL SECURITY

QUEENSLAND'S been warned it risks losing billions in long term mining royalties from the emerging underground coal gasification (UCG) industry if it agrees to a demand from foreign multi-national BG Group for exclusive access to the coal in its extensive exploration permits.

BG Group's London-based CEO has threatened the State Government with scrapping its planned \$15 billion liquefied natural gas plant at Gladstone - which uses coal seam gas (CSG) - unless it gets the exclusive rights.

However, UCG proponent MetroCoal said BG Group was attempting to stop competition and lock out UCG companies for 5 years at least, a move that would cost Queensland billions in lost revenue and leave Australia even more reliant on imported fuels.

MetroCoal CEO Mike O'Brien said it was possible for CSG and UCG to co-exist but some CSG companies refused point blank to even discuss cooperation arrangements where there are overlapping tenements.

"We have looked to work with CSG companies but BG Group is trying to bully the State Government to get its own way and stop competition and domestic growth in the energy sector," Mr O'Brien said.

"If the BG Group gets exclusive rights, it will sterilise hundreds of millions to billions of dollars worth of coal in the Surat Basin and elsewhere and shut out an emerging industry that can make an enormous contribution to Queensland through jobs and royalties and to Australia through savings in foreign exchange.

"It is estimated UCG can produce billions in royalties for Queensland alone over the next 20 plus years and could supply clean diesel, fertilizers and transport fuels for many decades."

Mr O'Brien said the UCG process - which burns coal underground to produce coal gas for electricity generation or conversion to liquid fuels - enables the exploitation of extensive, valuable coal deposits that would otherwise be stranded.

"Typically these are thermal coal seams that are too deep to be economically mineable by conventional methods," Mr O'Brien said.

"Significantly, UCG generates up to 20 times the revenue from the same area compared to CSG, has a demonstrably smaller footprint, no mining is involved and importantly requires no brine/water dam constructions.

“The fuels produced are of immense strategic importance to Australia, reducing our reliance on imported fuels and saving many billions of dollars in foreign exchange.

“Australia has already past peak oil and APPEA estimates that by 2015 we will be importing over 600,000 barrels of liquid fuel and oil per day. BG’s position will end every opportunity for UCG to go a long way in filling this trade imbalance.”

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