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ASX ANNOUNCEMENT

Argyle #11 exceeds 1,000,000 cubic feet per day gas production

Queensland Gas Company Limited (QGC) is an emerging Queensland energy company with substantial coal seam gas reserves close to existing pipeline infrastructure in southern Queensland's Surat Basin. It is distinguished by contracts to supply major industrial customers and by plans to build a base-load gas-fired power station at Chinchilla.

Queensland Gas Company (QGC) today reported that coal seam gas flows from its Surat Basin Argyle #11 well had doubled in two weeks to more than 1 million cubic feet per day (cfd).

Announcing the result, QGC Managing Director Richard Cottee said: "This remarkable performance points to accelerated certification of gas reserves that will not only meet our major supply contract with Incitec Pivot but also exceed substantially our reserve and flow rate expectations."

QGC (59.375%) and Pangaea Oil & Gas Pty Ltd are joint venturers in ATP620P containing the Argyle field, which is contracted to supply Incitec Pivot Limited with 74 Petajoules (PJ) of gas over 10 years commencing in 2007.

"The performance of the Argyle #11 well, completed only 50 days ago, fully vindicates QGC's approach to multi seam well completions, and bears out our belief in the potential of the Surat Basin's Walloon coals for coal seam gas production," Mr Cottee said.

Argyle #11 was the only one of the five wells making up the Argyle East Pilot that was initially fitted with a larger pump. Progressively the other four wells have been fitted with the new pumps and the production rates have picked up markedly, with the Argyle East pilot yesterday flowing gas at an aggregate rate of 1.9 million cfd.

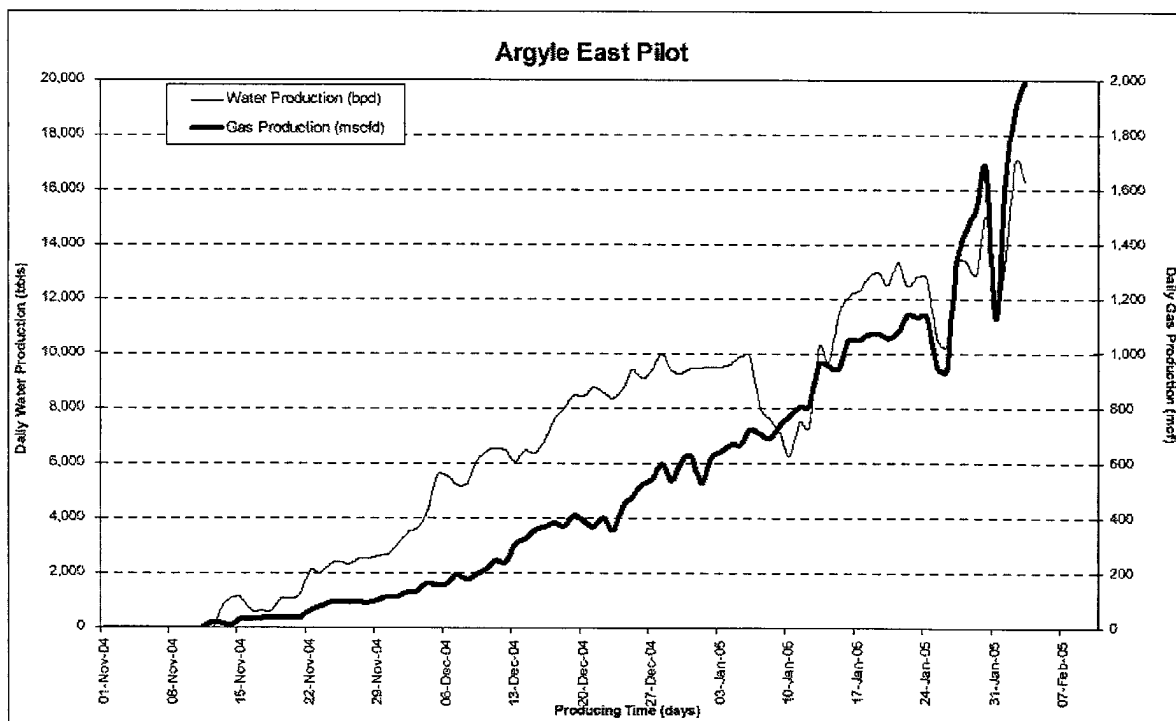
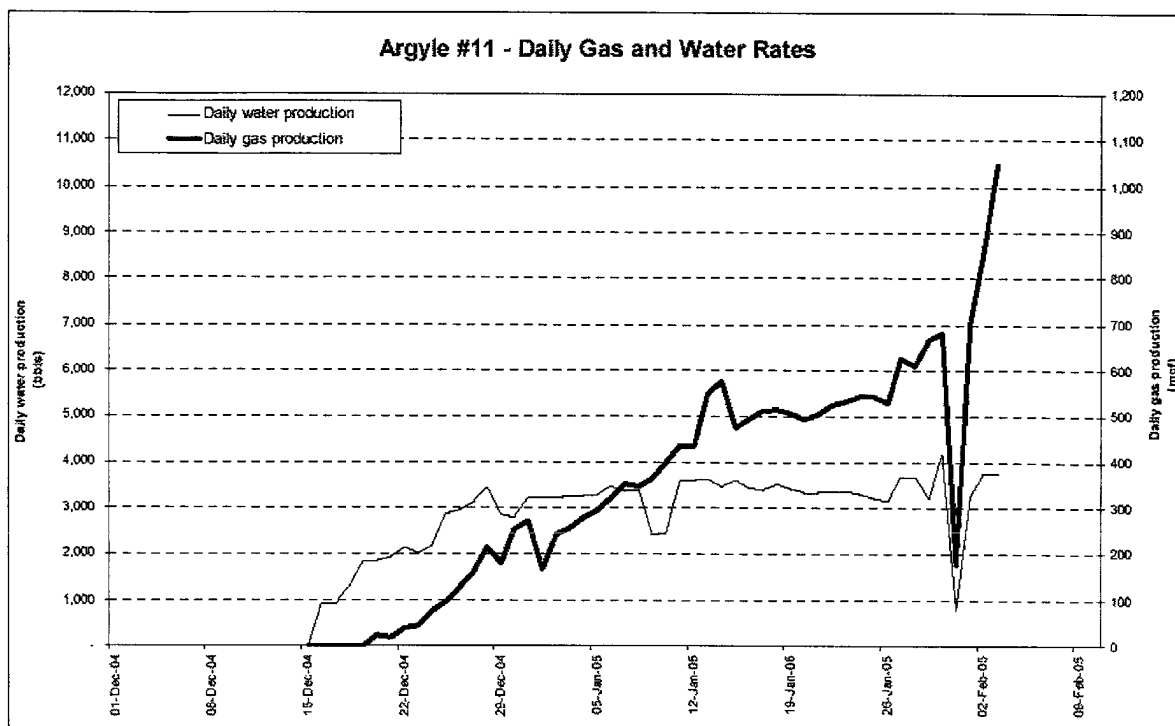
"If, as expected, the other four wells respond similarly to Argyle #11, the certification of new reserves over the Argyle field will be brought forward, and the increase in reserves is likely to be substantial," Mr Cottee said. Currently, with no account taken of the Argyle East Pilot results, the Argyle field has certified reserves of 67 petajoules (PJ) of Proved and Probable (2P) Reserves and 169.7PJ of Proved, Probable and Inferred (3P) Reserves.

The Argyle field is approximately 15 km east of QGC's Berwyndale South field where the design has also resulted in increasing gas flow rates and where 380 PJ of 3P gas reserves have already been certified.

"QGC is now on the verge of becoming a major gas producer in south-east Queensland. With power loads increasing each summer there is little doubt that the market for clean energy will continue to increase" Mr Cottee said.

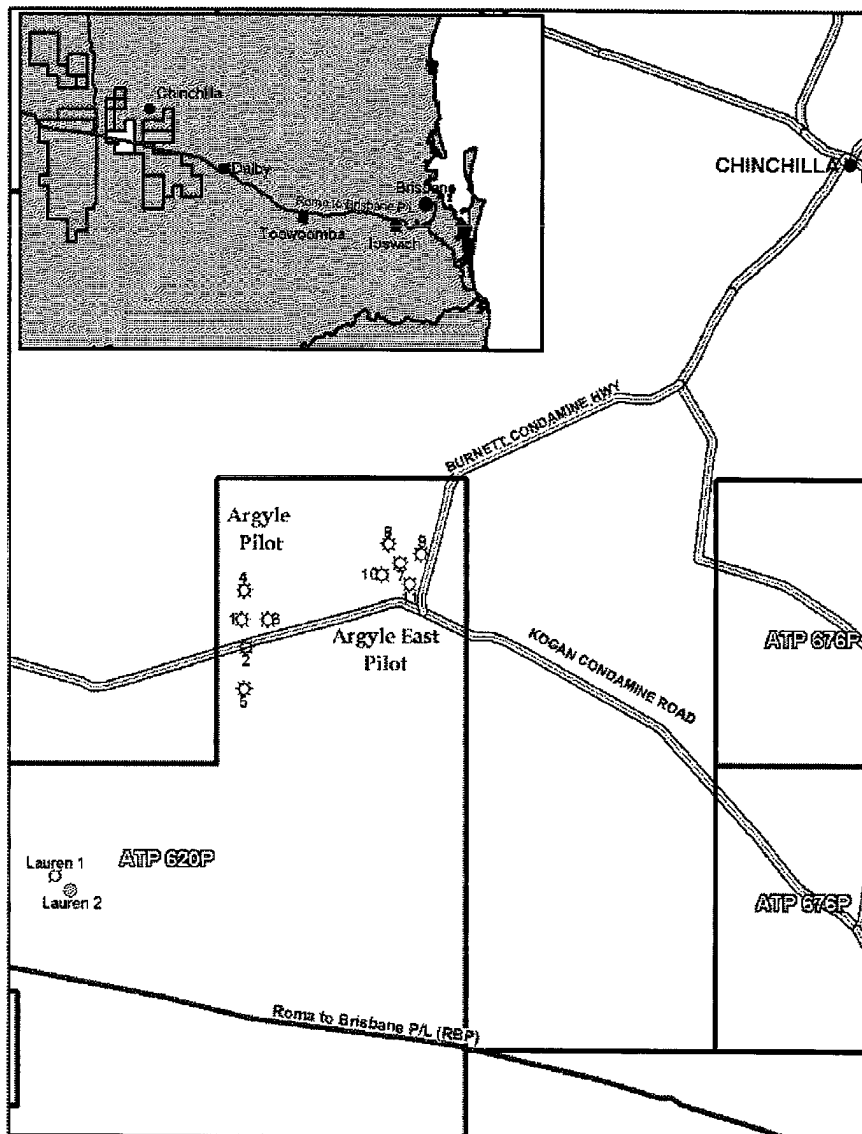
The location of the individual wells making up the Argyle and Argyle East pilots are plotted on the accompanying location map.

The following charts plot the performance of the Argyle #11 well and the Argyle East Pilot.



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Argyle and Argyle East Pilot Locations

