



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

Email: qgc@qgc.com.au

18 December 2007

Commercial reserves upgraded

Queensland Gas Company (QGC) today continued its successful exploration of the Walloon Subgroup of Queensland's Surat Basin, announcing a further 212 petajoules (PJ) upgrade of its share of Proved and Probable (2P) Reserves.

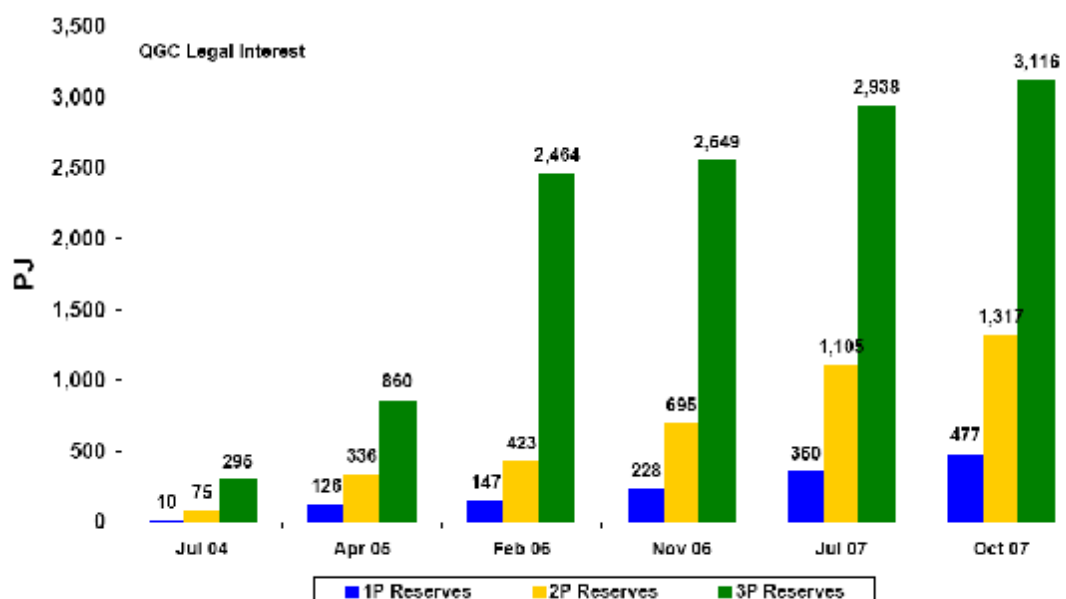
Today's upgrade of commercial Reserves was certified by Netherland Sewell & Associates Inc (NSAI) following a review of production testing results since 30 June 2007 and up to 30 September 2007. The areas of interest were at Berwyndale South in PL 201 and Kenya-Argyle in PL 228 (refer attached map).

QGC Managing Director Richard Cottee said the 19 per cent upgrade brought QGC's share of 2P reserves to 1,317 PJ and confirmed the efficiency of QGC's gas extraction process by targeting new areas within the Walloon Subgroup.

"Prior to this upgrade, NSAI had ascribed 2P reserves in both the Juandah and Taroom Coal Measures of the Walloon Subgroup. This latest review demonstrates that QGC's multi-seam well completion technique is also producing gas from the coals of the Tangalooma Sandstone."

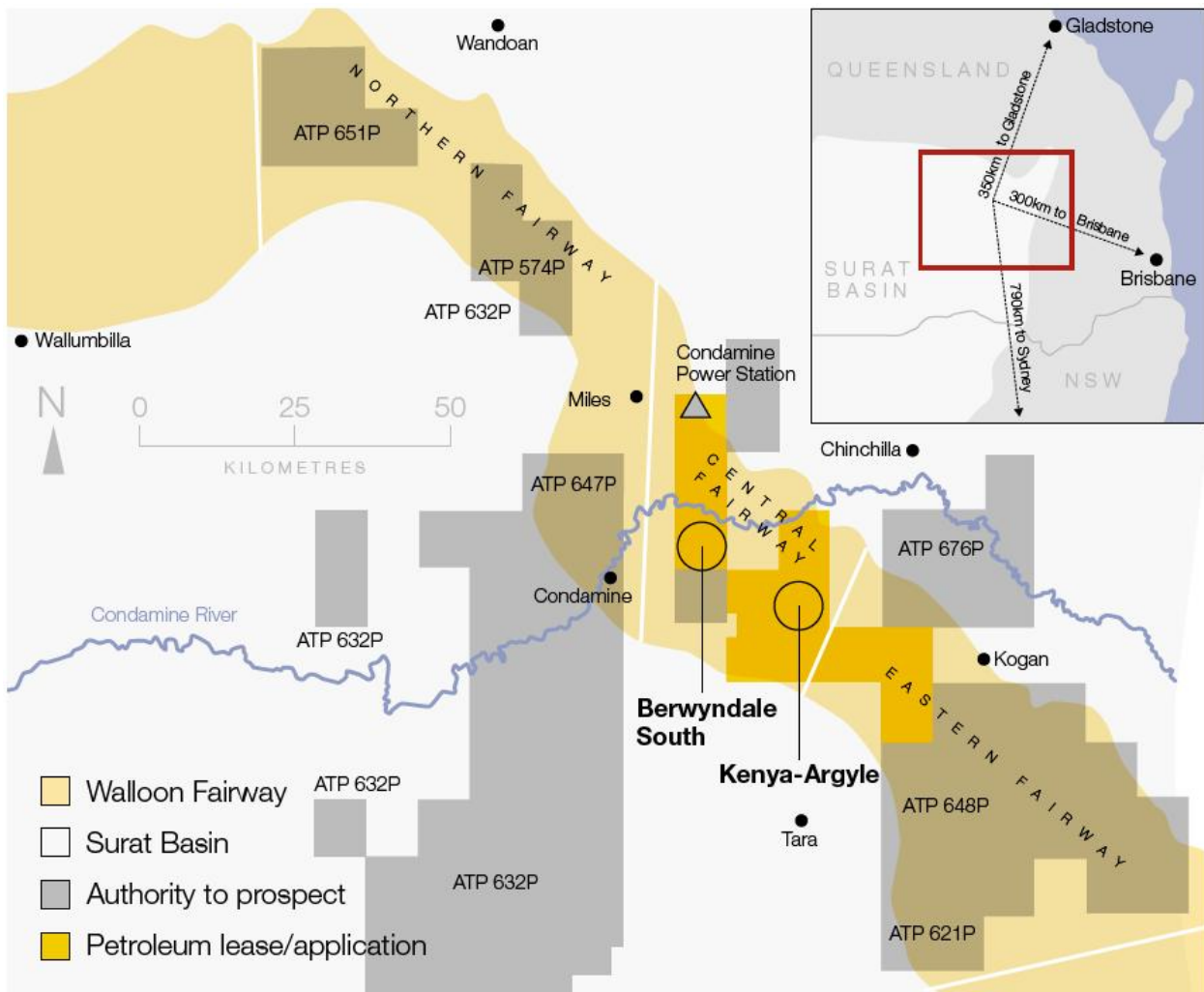
"The upgrade reinforces the efficiency of QGC's gas production capability and improves the overall economics of the Company's coal seam gas developments," he said.

The increase in QGC's legal interest in reserves at is shown in the following graph:



As part of the latest work NSAI has attributed contingent resources in ATP 621P. This tenement is six times the size of the current Berwyndale South development but insufficient drilling has been carried out to establish reserves of gas.

QGC is the operator and owner of Berwyndale South in PL 201 (100%) and ATP 621P (100%). The Company is also the operator and majority owner of Kenya-Argyle (59.375%), in joint venture with Origin Energy (40.625%).



Location of developments contributing to QGC's reserves upgrade

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

