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**APA COMMENTS ON SUSPENSION OF PNG GAS PROJECT**

APA Group (APA) notes the announcement by Oil Search Limited today that the PNG Gas Project participants have decided to suspend work on the PNG to Australia Pipeline project while they evaluate it alongside other possible PNG Gas development options.

APA Managing Director Mick McCormack said APA was disappointed that the pipeline project has been further delayed but understands the need for the PNG Gas producers to evaluate all of their gas development options.

“With gas consumption expected to rise strongly in Australia, there is little doubt that there are strong drivers for the PNG gas pipeline project to proceed. This is not the first time that work on the project has been suspended and APA will continue to support all projects aimed at providing additional Northern gas supplies to meet the strong demand for gas in Eastern Australia into the future. These projects include PNG gas, Timor Sea gas and Coal Seam Gas (CSG),” Mr McCormack said.

He said there are currently adequate gas supplies to meet demand in Eastern Australia, as well as alternative supplies for the future, including CSG.

“The CSG industry is developing and will play a far greater role in the energy market over the medium to longer term. APA is currently working on a project to deliver CSG to the southern markets through a new gas pipeline connecting Ballera in Queensland to APA’s Moomba to Sydney Pipeline.”

“APA has long had a vision to develop a gas transmission grid on the eastern seaboard that will assist APA to offer a seamless tariff for gas delivered into Queensland, New South Wales, the Australian Capital Territory and Victoria. This will greatly assist the expansion of a competitive gas market in Australia,” he said.

Following our acquisition of GasNet, APA plans to further develop the interconnect to increase the flow of Victorian gas through its Moomba to Sydney Pipeline.

“These additional gas flows – and the introduction of seamless tariffs – will lead to increased use of APA’s Moomba to Sydney Pipeline, enhanced competition with the Eastern Gas Pipeline and significant gas on gas competition in eastern Australia,” Mr McCormack said.

**For further information please contact:**

Mick McCormack, Australian Pipeline Trust  
Telephone: (02) 9693 0000  
Email: [mmccormack@pipelinetrust.com.au](mailto:mmccormack@pipelinetrust.com.au)

Paula Hannaford, Gavin Anderson & Company  
Telephone: (02) 9552 4499 or Mb: 0413 940 180  
Email: [phannaford@gavinanderson.com.au](mailto:phannaford@gavinanderson.com.au)

**About Australian Pipeline Trust (APA)**

APA Group is the major ASX-listed energy transmission company in Australia with interests in more than 10,000kms of natural gas pipeline infrastructure, over 2,300 of gas distribution network in south east Queensland, a Coal Seam Gas processing plant, gas storage facilities and a high voltage direct current interconnector system including a 180km underground transmission cable. The trust has a varied and quality customer base including AGL, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energy, RioTinto, Nickel West, Synergy and Verve Energy.