

**Ayres Lisa**

From: McCleary, Bruce (QNI-Yabulu) [bfmccleary@qni.com.au]
Sent: Friday, 22 September 2000 5:33 PM
To: 'lisa.ayres@acc.gov.au'
Cc: Keogh, Stephanie (QNI-Brisbane)
Subject: Response to ACCC Request re PNG Gas Supply



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Lisa Anne

Attached please find the response from QNI to your earlier request re PNG Gas

Any questions please give me a call.

Bruce McCleary
Commercial Manager QNI Yabulu
07-4720-6220

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22 September 2000

The Australian Competition & Consumer Commission
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Application for authorisation of Joint Marketing by PNG Gas Producers

Reference: Your fax to Queensland Nickel dated 12 September 2000

The referenced fax sought comments from Queensland Nickel about the changes being sought to the Joint Marketing Group associated with the PNG Gas Project. In response the following comments are made:

1. QNPL believes the required gas loads necessary to support the long-term viability of the PNG project cannot be achieved without the Hides gas field being incorporated into the Project. Given the Hides gas field has significant ownership by Santos and ExxonMobil, then Santos and ExxonMobil need to be involved in the PNG Gas Project.
2. The arguments put forward by PNG Gas about the need for participation by Santos and ExxonMobil are believed appropriate. The commercial terms finalised by PNG Gas need to be accepted by all parties involved in PNG Gas. As such Santos and ExxonMobil need to participate in the joint marketing of the project.
3. While there may be concerns by some parties that Santos and ExxonMobil are competitors of the PNG Project in Queensland this is not an issue in North Queensland where QNPL operates. Currently we have no access to gas and the only competition to gas is coal. Accordingly this is not considered an issue from QNPL's perspective.
4. QNPL does not believe there will be any anti-competitive detriments available through this process.
5. If QNPL purchases PNG Gas, we wish to purchase it through Energex Limited, rather than PNG direct. As such we wish to ensure any final Gas Sales Agreements continue to be able to be negotiated and finalised with Energex.

If you have any further questions on this matter please contact the undersigned.

Yours sincerely

Bruce McCleary
Commercial Manager

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