



# **BG Group – Q3 2007 results**

Conference call transcript

1 November 2007

**Frank Chapman / Ashley Almanza**  
Chief Executive / Chief Financial Officer  
**BG Group**

## **INTRODUCTION: CHRIS LLOYD – HEAD OF INVESTOR RELATIONS**

Good afternoon ladies and gentlemen and welcome to BG Group's third quarter results.

During the course of this conference call, Frank Chapman, Chief Executive, will take you briefly through the quarter's key business highlights, and then Ashley Almanza, Chief Financial Officer, will look in more detail at the financial results. After this we will take questions.

During this presentation we will be focusing on our Business Performance as highlighted in our results statement. We will also be making various forward-looking statements. Factors that could cause our actual results to differ materially from the results we currently expect are identified in detail in the statement issued today.

Thank you, and now over to Frank.

## **FRANK CHAPMAN – CHIEF EXECUTIVE**

Good afternoon, Ladies and Gentlemen.

You'll have seen the results statement, I would like to spend a few moments taking you through the main points before I pass over to Ashley to take us through the financials in detail.

BG has delivered a good set of results with a 9% increase in earnings per share. At constant US dollar exchange rates and upstream prices, operating profit was up 15% for the quarter.

In Exploration and Production, total operating profit was £433 million.

In the UK, the West Franklin field in the North Sea began production. This will assist in maintaining plateau production from the Elgin/Franklin facilities.

In India, we completed the next phase of development for the mid-Tapti gas field, both on schedule and on budget. The new facilities, which came onstream in August, will nearly double our gas supply to markets in western India.

In Thailand, our drilling programme on Bongkot South produced four out of four successful wells.

And in Brazil, we saw two further successes in the frontier Santos basin pre-salt play.

The first discovery, known as Carioca, is a new oil field in which BG Group holds a 30% interest. The second success, in which BG holds a 25% interest, is known as Tupi Sul and

proved the southern extension of the Tupi discovery made last year. This extends the sequence to four successes out of four wells drilled. We are evaluating all the discoveries and are very encouraged by the material potential they present.

Moving now to LNG, where total operating profit was up £84 million to £149 million.

In the US, the Federal Energy Regulatory Commission approved the expansion of the Elba Island LNG Import Terminal and the construction of the new Elba Express Pipeline in Georgia. The terminal expansion and the pipeline will nearly double the LNG import capacity into the area and give BG access to the growing Southeastern and Eastern US gas markets. These new facilities will be constructed in two phases with an initial in-service date in 2010.

In Italy, we recently announced that work has begun on completing a newly-required Environmental Impact Assessment for the construction of the Brindisi LNG import terminal.

At the Dragon LNG terminal in Wales, work continues on the final stages of the project that is now over 90% complete and will be ready for service in the first half of 2008.

In summary then,

- We've delivered another good operating performance for the quarter, with earnings per share up 9%;
- Our LNG business continues to deliver excellent performance driven by volume growth and higher margins, and
- We continue to advance our growth programme with notable exploration successes in Brazil and Thailand.

And now over to Ashley for a more detailed look at the financials.

#### **ASHLEY ALMANZA – CHIEF FINANCIAL OFFER**

Thank you Frank; and good afternoon ladies and gentlemen.

I'll begin as usual with the E&P segment.

Production volumes were 4% lower than last year principally due to three factors:

- Firstly, the CATS pipeline outage cost us around 5.5 million barrels in the quarter. CATS returned to full availability in mid-September.
- Secondly, the effect of disposals in Canada and Mauritania – which accounted for around 1 million barrels and finally
- Lower production in Trinidad due to weaker domestic demand and restricted capacity at Atlantic LNG, which together accounted for around 2 million barrels.

These factors more than offset the benefit of extra production from Buzzard. Excluding the one-off CATS effect and the effect of disposals, underlying production rose by 4% in the first nine months.

Average gas price realisations fell 10%, with stronger UK realisations being offset primarily by the effect of the weaker US Dollar on international realisations.

We estimate that our UK contracted gas price will be around 34 pence for the gas year commencing 1 October, 2007, reflecting changes in mix and underlying contract indices. As in previous years, we expect to sell around two thirds of our UK gas under various contracts.

Unit operating costs were \$5.50 per barrel for the quarter reflecting the effects of the CATS shutdown and increased royalty costs. This pushed our nine-month operating costs up to \$5.26 per barrel and I expect our full year unit operating costs to be around this level.

The exploration charge increased by £16 million to £102 million primarily reflecting our increased exploration programme. Our gross exploration expenditure for the full year will be around £600 million of which approximately £320 million is expected to be expensed.

Turning now to the LNG segment

Operating profit in our shipping and marketing business increased by £72 million to £130 million, notwithstanding a 9 % weakening of the US Dollar. The drivers for this growth in profits were increased volumes, up 36% and strong margins as we were able to use our flexible portfolio to access strong demand in Asia. These results are consistent with our longer term view: which is that the LNG supply-demand balance will remain tight for the foreseeable future. BG's portfolio is ideally positioned to respond to this market.

Liquefaction profits rose by £8 million to £33 million due to a higher tolling fee being received by ALNG Train 4 upon commencement of full commercial operations. Business Development and other costs were £14 million during the quarter as we continued to develop liquefaction, supply and regasification opportunities across our portfolio.

For the LNG segment as a whole, operating profits increased by 129% to £149 million.

Total Operating Profit in Transmission and Distribution increased £11 million to £67 million. Comgas performed well with a 5% increase in volumes and a £10 million increase in operating profit. The result includes a charge of £5 million to reimburse customers for lower gas costs in previous periods.

In the Power segment, Total Operating Profit increased by £13 million principally due to acquisitions in the US and Italy.

For the Group as a whole, Total Operating Profit increased by 6% to £672 million. At constant US Dollar exchange rates and upstream prices, the increase was 15%.

Net interest expense for the quarter was £8 million.

Our effective tax rate for the 9 months was 43% and I expect our full year rate to be around this level.

Earnings per share rose by 9% to 10.9 pence per share.

Cash generated from operations was strong, increasing 6% to £773 million. Capital investment during the third quarter was £504 million, bringing the 9 month total to £1.3 billion excluding acquisitions. Full year investment excluding acquisitions is expected to be in the region of £2.0 billion based on an exchange rate of \$2 to the £.

At the end of Q3, we had repurchased £446 million of shares under our £750 million share buyback programme, and the Group had net debt of £60 million.

Ladies and Gentlemen that concludes my comments and now I'll hand you back to Frank.

Thank you Ashley and now we will take your questions.

### **Operator**

*The floor is now open for questions, please press select 01 on your telephone keypad and you'll enter a queue, once your name is announced please go ahead and ask your questions. To cancel your question, please press 02. So it's 01 to ask your question and 02 to cancel. The first question is from Edward Westlake at Credit Suisse. Please go ahead, Edward.*

### **Edward Westlake**

Good afternoon; another good set of results. I guess two questions; firstly just on the LNG, is it possible to quantify the benefit obviously from the Asian trading and your expectation for the type of market that we could see in terms of 2008. And then secondly, you know, two discoveries in Tupi; you've given a range in terms of reserves. Are you at this point able to talk about whether it's at the lower end of that or the upper end of that wide range? Thanks?

### **Ashley Almanza**

Ed, on the LNG question, of the 60 cargos that we delivered in the quarter, 17 were delivered to markets away from the US. So I think that gives you a feel for the proportion of incremental margin that came from diverting cargos away from the US.

As is our custom, we're not going to comment on individual margins in markets, but clearly strong demand in Asia gave us very strong margins in the quarter.

In terms of 2008, I think we're going to stick with the guidance we gave you in February and also of course remind you that we said that we regarded that as the base return with the potential from time to time to secure upside. I said a moment ago that we see the supply demand balance remaining tight for the foreseeable future. If anything our view on that is strengthened since February, and so we think the portfolio is well positioned against that market outlook.

**Frank Chapman**

Ed it's Frank here. Of course having just drilled two more wells, successful wells in the Santos Basin we have now quite a significant amount of new information that we're currently analysing and working through. And hopefully we'll be able to say a little bit more about what's happening with these discoveries when we speak in February next at which time we'll be giving our strategy update. Suffice to say it is a frontier basin, the deep pre salt play in the Santos basin.

We have drilled four wells and each of them have been successful and that's quite unusual for a frontier basin, so we're encouraged. And we're encouraged by the potential material nature that these discoveries present. I can't give you anything further than that Ed; you know we're pleased with what we're seeing and I can't narrow the range for you at this particular time.

**Edward Westlake**

Thanks very much.

**Operator**

Thank you the next question is from Jeneiv Shah in JP Morgan, please go ahead Jeneiv .

**Jeneiv Shah :**

Hi, I'd like to ask two questions. The first one is on your unit operating costs. As I understand your previous guidance for the full year had been \$4.90; obviously that's going to come in a lot higher now. Could you give us some guidance on that and also explain how much of that is due to the unplanned maintenance at CATS, FX and increased cost inflation?

My second question is on the international gas prices. Obviously Henry Hub was weaker year on year, but do we expect to see the crude price lag, the indexation effect to come in for the fourth quarter and the first quarter of 08? Thanks.

**Ashley Almanza**

The answer to your first question is of course that we like other players in the industry are seeing cost inflation in service costs. We see that running at around 10% per annum at the moment. And we are of course not immune to that.

The increase from \$4.90 to around \$5.25 CATS is about 30 cents of that. But we're also seeing increased royalties and tariffs, which index directly to price. So as the oil price goes up, so do our royalties and tariffs. In terms of international gas prices we will see a lag effect, typically six months, so more first quarter than fourth quarter. The other effect that you've seen in the third quarter is exchange rates. So we have an exchange rate and then a lag effect of six months.

**Frank Chapman**

And if I can just say that you characterise this change in OPEX as a significant increase, when you take into account the points that Ashley has raised regarding the indexation of royalties to price, actually the increase here I would characterise as actually quite modest against a background of significant change in the market place.

**Jeneiv Shah :**

Great, thanks very much.

**Operator**

Okay the next question is from Ian Reed at UBS. Please go ahead, Ian.

**Iain Reid**

Good afternoon gentlemen. A couple of questions, now you're no longer going ahead with the Papua New Guinea opportunity with Oil Search, do you still have ambitions to have a

liquefaction there - an equity liquefaction interest in that area. You talked about the positioning of your portfolio, but obviously if you're going to supply the Far East it would probably be better to have volumes in the Far East I presume. And so is that still part of your strategy?

And secondly now we're in the fourth quarter, I wonder if you can just narrow down the range you've given us for 07 production?

**Frank Chapman**

I wasn't aware actually, Iain, on the last point that we'd ever given you a range of production for 2007.

**Iain Reed**

Well you've given us a growth rate I suppose, haven't you?

**Frank Chapman**

Okay we've given you guidance out to 2009 and the period 06 to 09 and we've said that as in the past they may not be linear. But going back to your first question we've agreed with Oil Search not to take this any further.

Of course when we think about the LNG business, we already have a global LNG business in the sense that we have matured relationships with key markets, key customers in Taiwan, Japan, Korea and so on. So we have this business. But of course you're quite right to point out that the inter-basin arbitrage opportunities would be greater were we to have our own equity supply or long term contracted supply in the Asia Pacific basin, and that remains one of our longer-term objectives. But of course in the meantime these relationships that I refer to are enabling us as you see from these results to have a very productive global LNG business.

**Ashley Almanza**

Iain, just on the production point, I think that - to pick up on Frank's point about the guidance up to 2009 - if you look at the projects that underpin the production growth that Karachaganak de-bottlenecking and Fourth Train in Karachaganak, Dolphin Domestic, Hasdrubal, Mukta/Tapti, so these projects are all making good progress. And of course Buzzard was the other element of that and that's already on stream. So no change really.

**Iain Reid**

Okay, thanks chaps.

**Operator**

Okay, the next question is from Neil McMahon at Sanford Bernstein. Please go ahead, Neil.

**Neil McMahon**

Hi, good afternoon. Two questions, hopefully the first one will be a quick yes or no and maybe just to expand on the second one. On the CATS pipeline incident was that pipeline and your volumes self-insured or do you have any comeback against the shipper that did that?

The second question is we notice that Marathons EGLNG plant was shut down; we've no guidance as to whether it's back up again. And given the fact that that shut down at the start of October, what impact will that have on the fourth quarter LNG volumes and cargos - and maybe you could just quantify it in terms of cargos - that you would have lifted from that particular site?

**Ashley Almanza**

Neil, on CATS we had damage insurance but not lost revenue insurance. Income protection on these assets normally comes as a standard 90-day deductible and most players therefore don't purchase it. So we don't have lost income insurance.

We are with our partners seeking compensation from the ship owner, that's ongoing so I won't comment any further on that.

On Equatorial Guinea, Marathon has said - second half of November - that's worth about six cargos. So I think when you think about the fourth quarter you have to think about on the one hand the positive trading conditions, the market backdrop, but that being capped if you like by the event in Equatorial Guinea.

**Neil McMahon**

And just on those EG volumes, it looked like some were going to Europe anyway rather than going all the way over to Japan and Asia. Effectively has that been where you've been running your LNG volumes through out of EG?

**Frank Chapman**

Well Neil, we wouldn't comment on how we utilise the portfolio and which markets we're shipping to; that's an area we regard as commercially sensitive.

**Neil McMahon**

Okay, thanks.

**Operator**

Okay the next question is from Theepan Jothilingam at Morgan Stanley. Please go ahead, Theepan

**Theepan Jothilingam**

Good afternoon gentlemen, just a couple of questions on the UK, actually I just want to know if you could give us an update on the progress at Buzzard in terms of in the quarter and how you see that sort of ramping up into Q4 and then next year, whether you feel you're on track?

Perhaps if you could also comment on what sort of underlying decline rates you're seeing in the UK basin on the mature assets? And I know it's not the full year - but I don't know whether you would be able to comment on your exploration activities so far this year or certainly during the quarter and perhaps what the markets should look out for into Q4? Thank you.

**Frank Chapman**

Okay yeah, on Buzzard we are happy with the progress we're making; we have had already periods where we've operated the facilities at their design capacity. And we're looking of course to make the as we go through the rest of this year and into next year a more stable performance. But we're very happy with the way Buzzard is progressing.

I mean if you look at the overall performance in the North Sea, of course as we said in last year's strategy presentation we're aiming to achieve a continuing delay if you like to the onset of the overall decline of the portfolio. So trying to keep up at around 50 million BOEs per annum coming out of the North Sea. And as you've seen in the recent - the last two years as the strategy presentation we've managed to roll forward if you like, roll out into the future further the point at which we come off of that 50 million BOEs.

On exploration in the UK Jasmine East has spud, is drilling is a very important well for us; will yield important information for the Jasmine Development. The Jackdaw discovery - I want to say 2005 - end 2005 We're drilling Jackdaw Two at the moment, it's just spudded so that will

go on. Other important things that are going to be happening this year in Brazil, Saleta , which is a gas prospect, looking at gas now in the post salt play in the Santos basin and Pepino Oil and Gas in block 13, a couple of things that we're going to be drilling. Continuing doing some work in Thailand where we've had a series of successes, and so on. So there's going to be somewhere in the order of 20 to 23 wells in total drilled this year, which is more or less in line with what we said during our February strategy presentation.

**Theepan Jothilingam**

Thank you very much.

**Operator**

The next question is from Colin Smith at Dresdner Kleinwort, please go ahead Colin.

**Colin Smith**

Good afternoon, gentlemen. On LNG can you just confirm that as of next year a full year of Equatorial Guinea production and presumably full production from ALNG Train Four marks the last step up in your firm cargo supply schedule for LNG until such time as Brass or OK LNG become available? And can you comment a little bit about what you think the timing on Brass and OK are at the moment? Thank you.

**Ashley Almanza**

That is right Equatorial Guinea full year and the next in the queue after that would be Train 7.

**Frank Chapman**

Yes LNG Train 7 and then OK LNG and Brass agreements that we've signed - indeed that's correct.

**Ashley Almanza**

Was there a supplementary on the timing?

**Colin Smith**

Yes.

**Ashley Almanza**

The timing of OK LNG and Brass.

**Frank Chapman**

Yes I mean OK LNG - the original intention was to strive for a sanction of that project towards the end of this year. I think that the feed work that we did was carried out in a period when the cost structure in the industry was changing, we have seen a significant change in the cost structure and therefore we have decided to take some further time to look in detail at both the capacity, cost structure, contracting strategies associated with that facility, and as a consequence of that we will see this sanction time go back. I wouldn't comment on exactly when we see that sanction time going to until we've finished this work. But I think it is prudent right now - and we've signalled this to the market before - that where we're not comfortable with the capital efficiency and economics of a venture we will take our time to work it hard and get a better economic result. So that's - on OK LNG we're seeing some delay there.

Of course longer term OK LNG is located in an area, also in a country where there is a huge amount of gas to be developed and it's in a good geographic location relative to our European and US markets. So I think longer term this is most certainly going to be a project that will happen and it will be a valuable project for BG supplying our European and US markets.

**Colin Smith**

And Brass?

**Frank Chapman**

Brass - I can't update you at the moment on Brass. And you know there's further work ongoing there with the partnership. Of course we are not consortium members of Brass; we hold a heads of terms for off take of what is it - 2.1 million tonnes yes.

**Colin Smith**

Okay thanks very much.

**Operator**

Okay the next question is from Lucy Haskins at Lehman Brothers, please go ahead, Lucy.

**Lucy Haskins**

Hi two questions please. Ashley, you signalled that you were at the run rate in terms of a share of purchase for the first nine months - was a perhaps a bit below what we might have expected. So are you still happy to stick with the 750 for the target for the full year?

**Ashley Almanza**

I'm certainly happy to confirm that we intend to repurchase 750 million pounds, I think we've made good progress; I'm happy with the run rates. I wouldn't tie it necessarily to the 31st December but I think we're getting on with it.

**Lucy Haskins**

Right and the second question was - obviously I understand in terms of no further guidance in terms of reserve on Tupi but could we just have an update in terms in what the proposed development schedule might be on those prospects?

**Frank Chapman**

Yes I think Lucy that's really territory for 4Q results and strategy update. You know these fields are very large, new information coming out; they are aerially extensive so there will be a lot of appraisal drilling required. Happy to try to give you further insights when we meet together in February.

**Lucy Haskins**

Thanks.

**Operator**

Okay the next question if from David Thomas at Citi Investments, please go ahead, David.

**David Thomas**

Cheers, good afternoon gentlemen. I've got three questions please, firstly on Egyptian LNG. Frank, if you could provide an update on what the situation is with regards to both equity gas and potential third party gas to justify a third train there, mindful of course of the Egyptian domestic demand requirements. Secondly then on upstream growth, perhaps could you provide an update on the developments contributing to your 09 and 12 growth ambitions, namely things like Karachaganak and Hasdrubal?

And finally really a follow up to the question on Tupi and Brazil. There have been suggestions I believe that Tupi could see an early production scheme. Whilst I understand you may not want to say anything too much around the full field development, is there any possibility of seeing that and would that therefore perhaps contribute to 2012?

**Frank Chapman**

Yes, look with Tupi of course, as I say, we've just received a significant new quantum of data that we're analysing, we are in parallel with the GNG work looking at a number of opportunities and alternatives to develop Tupi, one of which is indeed an early production scheme.

But all of this is at quite an early stage and it is impossible at this stage to give you definitive guidance as to how the field will be developed. So, sorry to say that you have to be patient with us, next February is probably a better time to have a more extensive discussion about that.

Upstream growth - I believe Ashley ran you through the list of project just a while ago those five major projects contributing to the 2009 targets, Dolphin Domestic Gas, Buzzard, Hasdrubal, the Karachaganak Train 4 and its de-bottle necking of KPC and the Tapti gas expansion offshore India. These were the projects and I'm pleased to say that work is going on on Dolphin Gas; there is not very much work actually to do there just a couple of wells to be drilled, tied into our existing facilities. Buzzard is already hitting its plateau of production. Hasdrubal is well underway, about 30% complete. Karachaganak Train 4 is sanctioned and due on stream in 2009 as planned. And Tapti, as you know is already on stream and we're very happy about that.

Now with regards to the 2012 projects, I'm not going to go through the full list. But I am pleased to tell you with the work with the most significant of those projects, which is Karachaganak Phase Three is progressing well; we're about halfway through the FEED study. As you know we've signed a GSA with KazRosGas, which is one of the major, stepping-stones, milestones towards project sanction. And we maintain a strong alignment with the government and with our customers in terms of the 2012 timing.

So that's a little update for you, we'll have again in February time to go through the full list of 2012 and beyond projects.

**David Thomas**

And also on Egyptian LNG Frank, the question there about the amount of ...

**Frank Chapman**

Oh yes I missed LNG, I apologise David. Egyptian LNG - I mean you're quite right in pointing out that the government's agenda has shifted somewhat in recent times towards satisfying what could be described as burgeoning domestic demand.

We have also quite a bit of work ourselves to do in terms of exploring some of the new acreage El Burg, El Manzala in particular and I anticipate that that work will commence in the second half of next year. For the moment Idku Train 3 I'd see moving back a little. But of course we have a very good location there in Idku , a still very prospective hydrocarbon basin, and I will see that in the fullness of time that it will be well placed both to produce equity gas as well as aggregate supply from both onshore and offshore discoveries of other parties.

**David Thomas**

Okay, thanks very much for the comments.

**Operator**

Okay the next question is ...

Pause in audio

**Operator**

Please go ahead with your question. Fred Lucas of Cazenove is on the line, you may have your phone on mute Fred; if you'd like to take that off and go ahead and ask your question.

**Fred Lucas**

Sorry can you hear?

**Frank Chapman**

Yes we can hear you Fred.

**Fred Lucas**

A question for Ashley on the upstream, specifically on the turnover in the quarter. Usually one can reconcile your volumes and unit price data and infer a number for your tariff income which quarterly runs, typically between 30 and 40 million pounds. And I was just surprised

that quarter that reconciling item seems to have swung to 19 million pounds negative. Can you confirm that reconciliation number and also explain why the big swing? Obviously CATS has been a factor, but I would have thought that would have just reduced the number not turned it negative?

**Ashley Almanza**

Yes, you're absolutely right; the reconciliation broadly works. There are two factors to look out for, the first is calorific value, because obviously we're converting pence per therm into a balance of oil equivalent and depending on mix the BV can change from quarter to quarter. But that effect is quite small as I'm sure you know.

The main impact here is we had an additional cost related to the CATS outage, which was that we had to purchase gas to meet some of our short-term market obligations in the UK. That cost us about 20 million pounds and that under IFRS is shown in other operating income. But that accounts for the gas and the reconciliation.

**Fred Lucas**

Okay that's great; thanks, Ashley.

**Operator**

Okay the next question is again from Neil McMahon at Sanford Bernstein, please go ahead Neil.

**Neil McMahon**

Hi, I think Ashley you mentioned that your views over the quarter on LNG going out into the future had strengthened if anything. Maybe you could just elaborate on that somewhat. It looks very much like the Japanese nuclear situation keeps continuing. I don't know if you were referring specifically to that or if you were referring to some of the more recent LNG long term contracts in Asia, which appear to be getting closer to oil parity pricing out into the future. Maybe I'm off line there, but if you could just expand on your comments that would be great.

**Ashley Almanza**

Sure, it was more the latter point which is that I was thinking more of a longer term view - it's been our view and we talked about this in February for some time that the LNG supply demand balance is going to remain tight for the foreseeable future. And that in part is driving

we think the convergence contract prices towards oil parity, because the buyers can see what presumably we and others can see, that the market is tight.

With respect to Q4, I wasn't really drawing a direct connection between that and Q4, though obviously the market backdrop is positive at the moment. But the other point to make is - that is going to be capped out somewhat by the six or so cargos that on current prognosis we're going to miss out on from Equatorial Guinea. So there are two factors in the fourth quarter. But the longer term picture I think I'd agree with the interpretation that you've given.

### **Frank Chapman**

And I think it's also true to say Neil that of course the nuclear issue in Japan is just one of a number of factors in that region which affects the degree to which supply and demand are balanced. There are also supply side issues, which affect that balance. And when Ashley refers to this convergence of LNG price towards crude oil parity - one is tending to think in those cases about longer term arrangements or multi cargo arrangements spread over a long period. Where one is dealing in short term trades to fill in particular needs on the short term, and flipping cargos from one destination to another, of course one is looking at potentially margins that are superior to oil price parity.

### **Neil McMahon**

Frank, maybe just on the longer-term situation that you just mentioned there. Do you think you've got any problems like getting a long term contract, like over a ten year period into China for example if you don't have equity gas in Asia? Or have they been absolutely fine starting discussions about long-term contracts - by you swapping in cargos from the Atlantic basin?

### **Frank Chapman**

Neil, look at some point one has to sort of cease speculating and also protect one's own commercial interest. What I would say to you is that we have very good customer relationships now throughout the Asia Pacific region, and that's all I'm going to say really. I mean I won't indicate to you any more about what those contracts might look like, how long they might be, what form they might take. But we have a company that has a significant portfolio of LNG supplies and we have a lot of flexibility; so we'll look at, you know, a range of possible types of contract and a range of market outlets. So I probably wouldn't say more to you than that at this point.

### **Neil McMahon**

Okay, great, thanks.

**Operator**

Okay, there are no further questions at this time so I'll hand back to our speakers for any further comments, thank you.

**FRANK CHAPMAN**

Finally, I'd like to recap the main highlights:

BG has delivered a good set of results for the quarter with

- earnings per share up 9%,
- good progress on key projects,
- excellent LNG performance and,
- further exploration successes.

Thank you for taking part in the conference call today and I'd like to remind you that we'll be announcing our fourth quarter results on 7 February 2008, when we will also be providing you with our annual strategy presentation.

Goodbye.