

## ASX ANNOUNCEMENT

24 February 2011

# GAS MARKETING AGREEMENT SIGNED WITH PETROCHINA

### Highlights

- **Joint Gas Marketing Agreement signed with PCCBM**
- **Key step towards field development of Sanjiaobei**

### Joint Gas Marketing Agreement signed with PCCBM

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH), an Australian Company focused on developing Chinese Gas Assets, is pleased to announce that it has signed a Joint Gas Marketing Agreement (GMA) with PetroChina.

The GMA signed with PetroChina Coal Bed Methane (PCCBM), its partner on the Sanjiaobei Production Sharing Contract (PSC), formalises the establishment of a Joint Marketing Group to manage gas sales from the Pilot.

This group comprising representatives from PCCBM and Sino Gas, is responsible for jointly negotiating terms and conditions with gas buyers and administration of gas sales.

Under the GMA joint marketing continues until the commencement of commercial production. The GMA is otherwise governed by the Sanjiaobei PSC.

Sino Gas Managing Director Stephen Lyons commented that he was very pleased that Sino Gas together with its partner, PCCBM, has continued to make substantial progress towards the development of the Sanjiaobei Gas Assets.

“We have been working very closely with PCCBM to plan the Pilot and with the GMA now in place we have the foundation under which to commence the Pilot program.

The Pilot is a critical step towards development in that it provides sustained well performance data to prepare the Chinese Reserves report which when completed will be the key building block towards the preparation of the Overall Development Program”, said Mr Lyons.

Sino Gas intends to commission the first in what will be a series of Pilot wells on the SJB03 Gas Discovery Well during March 2011. Other wells will be added to the Pilot as they are completed.

**-ENDS-**

# GAS MARKETING AGREEMENT SIGNED WITH PETROCHINA

**For more information, please contact:**

Stephen Lyons: Managing Director, Sino Gas and Energy +86 139 1148 1669, +86 10 6530 9260, slyons@sinogasenergy.com

Gavin Harper: Chairman, Sino Gas & Energy, gharper@sinogasenergy.com

**About Sino Gas & Energy Holdings Limited**

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC's).

The PSC's are located in Shanxi province in the Ordos Basin and cover an area of over 3,700km<sup>2</sup>. The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area has mature field developments with an established pipeline infrastructure to major markets. Rapid economic development is being experienced in the provinces in which Sino Gas's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 10 wells have been drilled, the latest being TB-09 in Q4, 2010. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on the TB-07 well.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC Pty Ltd.

Additional information on Sino Gas can be found at [www.sinogasenergy.com](http://www.sinogasenergy.com)