Australia – The Future for Oil and Gas

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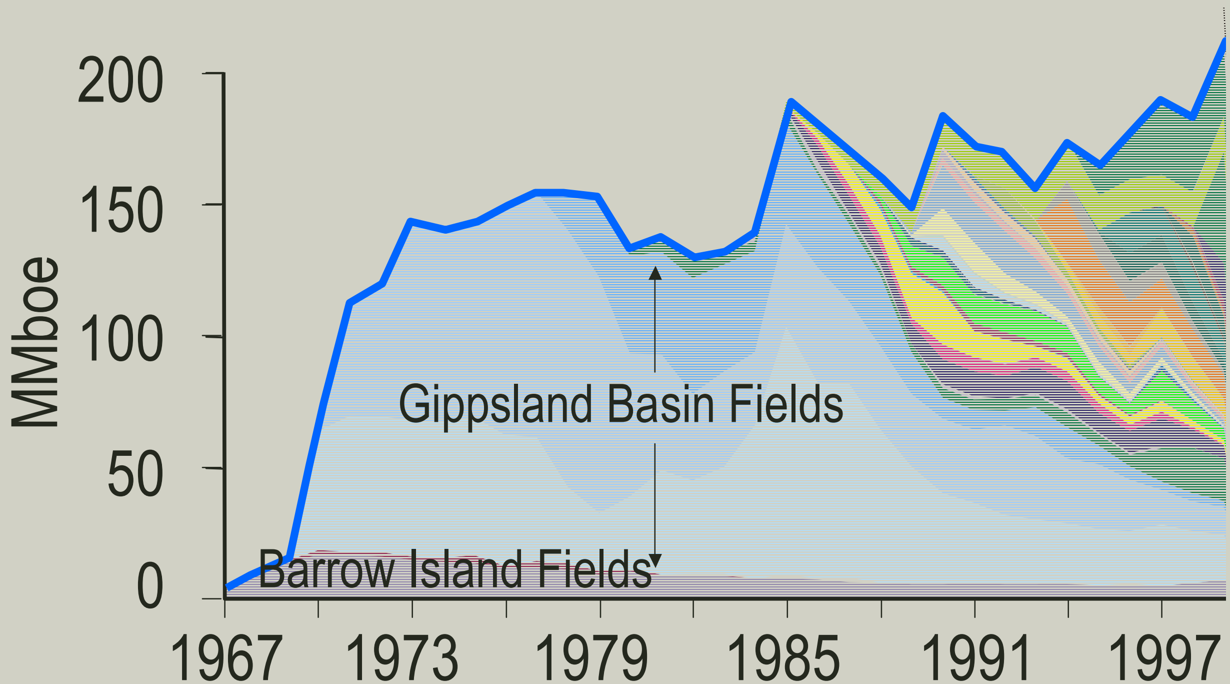
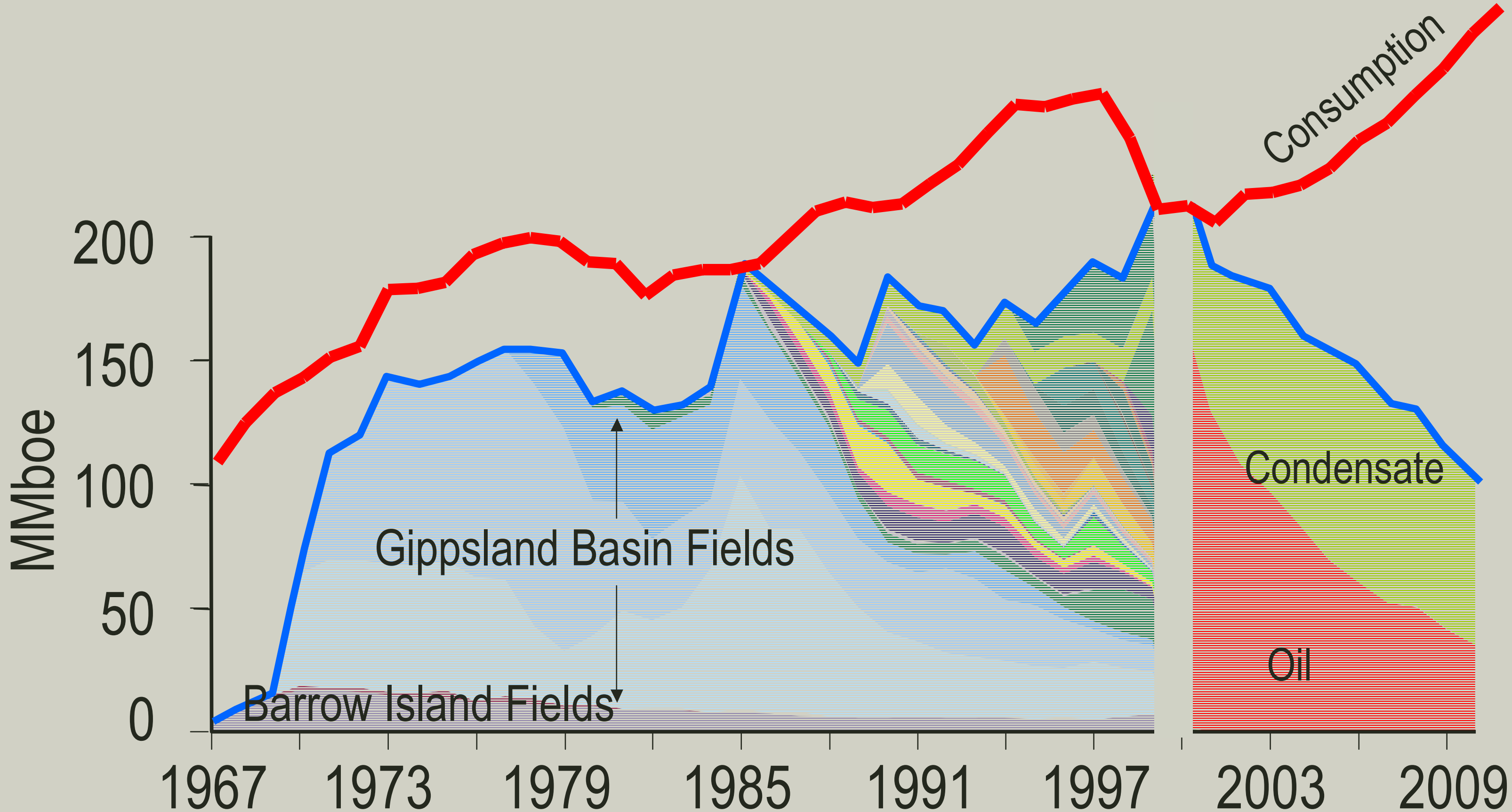
Australia – historical production



Production profiles of individual Australian fields and cumulative production forecast at 50 per cent probability derived from industry data.

Source: T Powell AGSO 2001, ABARE

Australia – production vs consumption



Production profiles of individual Australian fields and cumulative production forecast at 50 per cent probability derived from industry data.

Source: T Powell AGSO 2001, ABARE

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Australia – some future liquids developments

Field name	Product	Liquids reserves	Startup
Gorgon	Gas/condensate	316 MMbbl	2009
Mutineer/Exeter	Oil & Gas	120 MMbbl	2006
Stybarrow	Oil & Gas	Appraisal	2006
Enfield	Oil & Gas	43 MMbbl	2005
Cliff Head	Oil	25 MMbbl	2005
Yolla	Gas/condensate	24.5 MMbbl	2004
Kipper	Oil & Gas	13 MMbbl	2006
Egret	Oil	11 MMbbl	2005

Source Wood Mackenzie, Nov 02.

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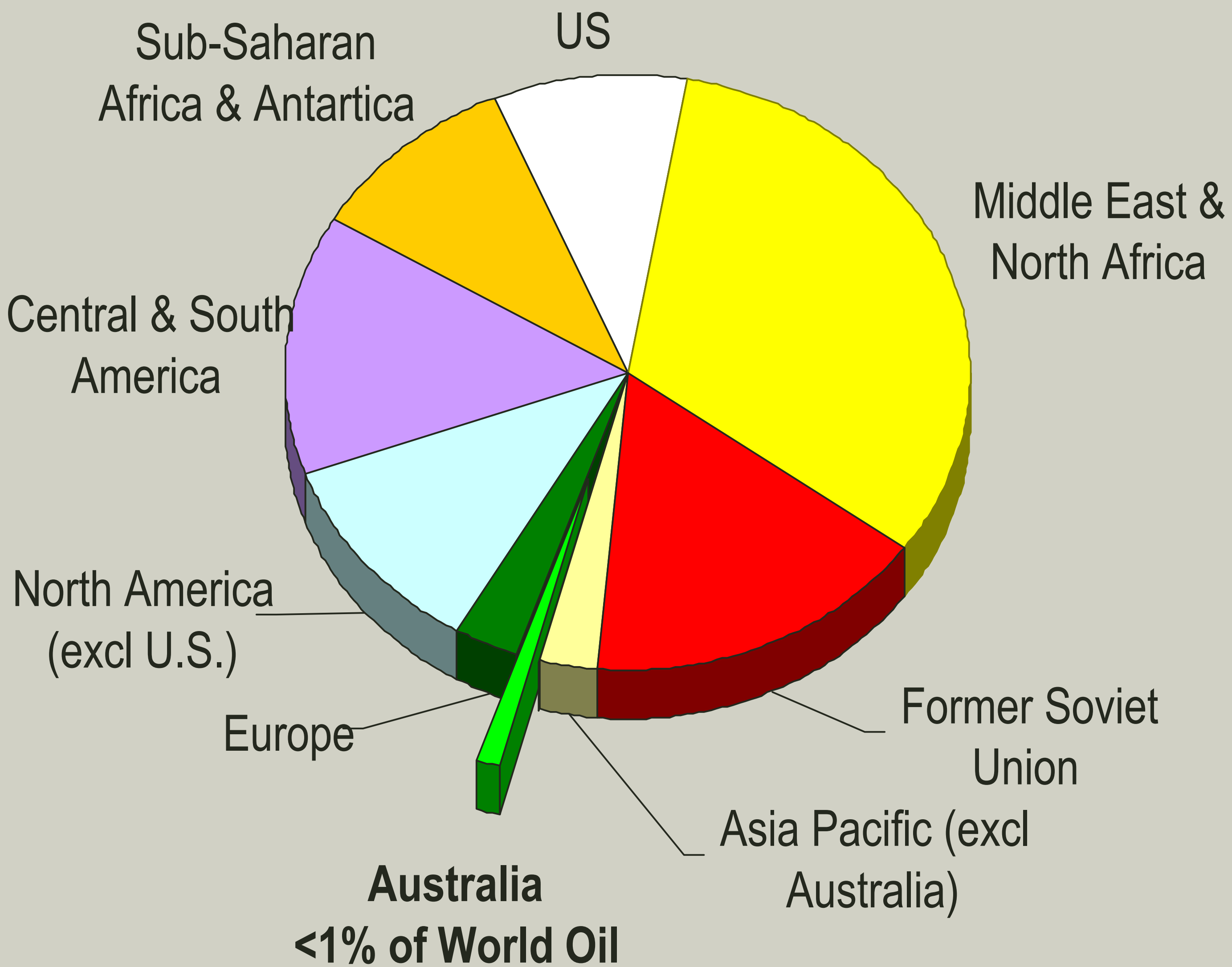
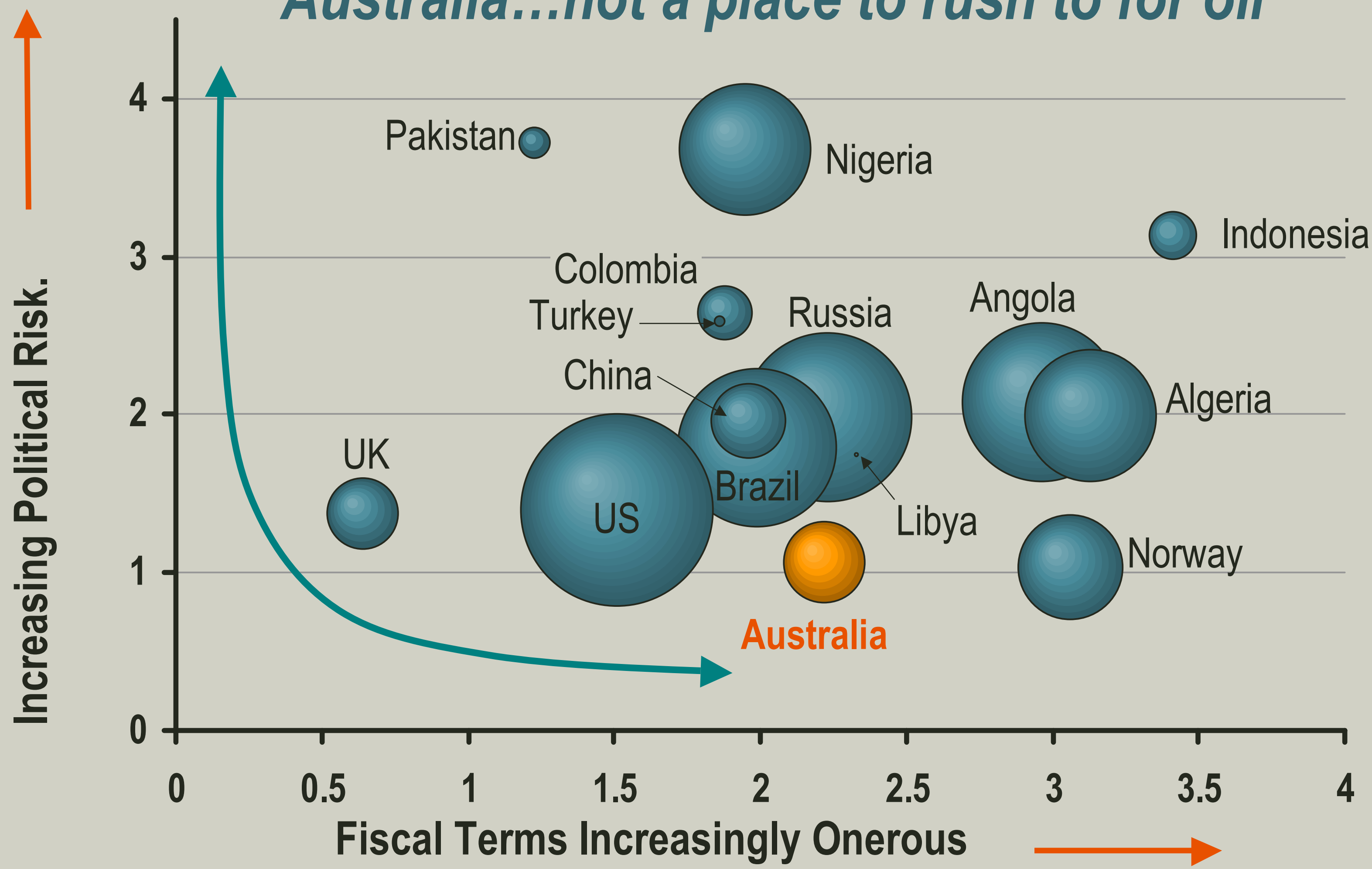
Global Prospectivity – world undiscovered oil



Source: USGS

Global Materiality

Australia…not a place to rush to for oil



Size of the button reflects average discovery size (MMboe, 1995-1999)

Source: IHS Energy Group/Wood Mackenzie

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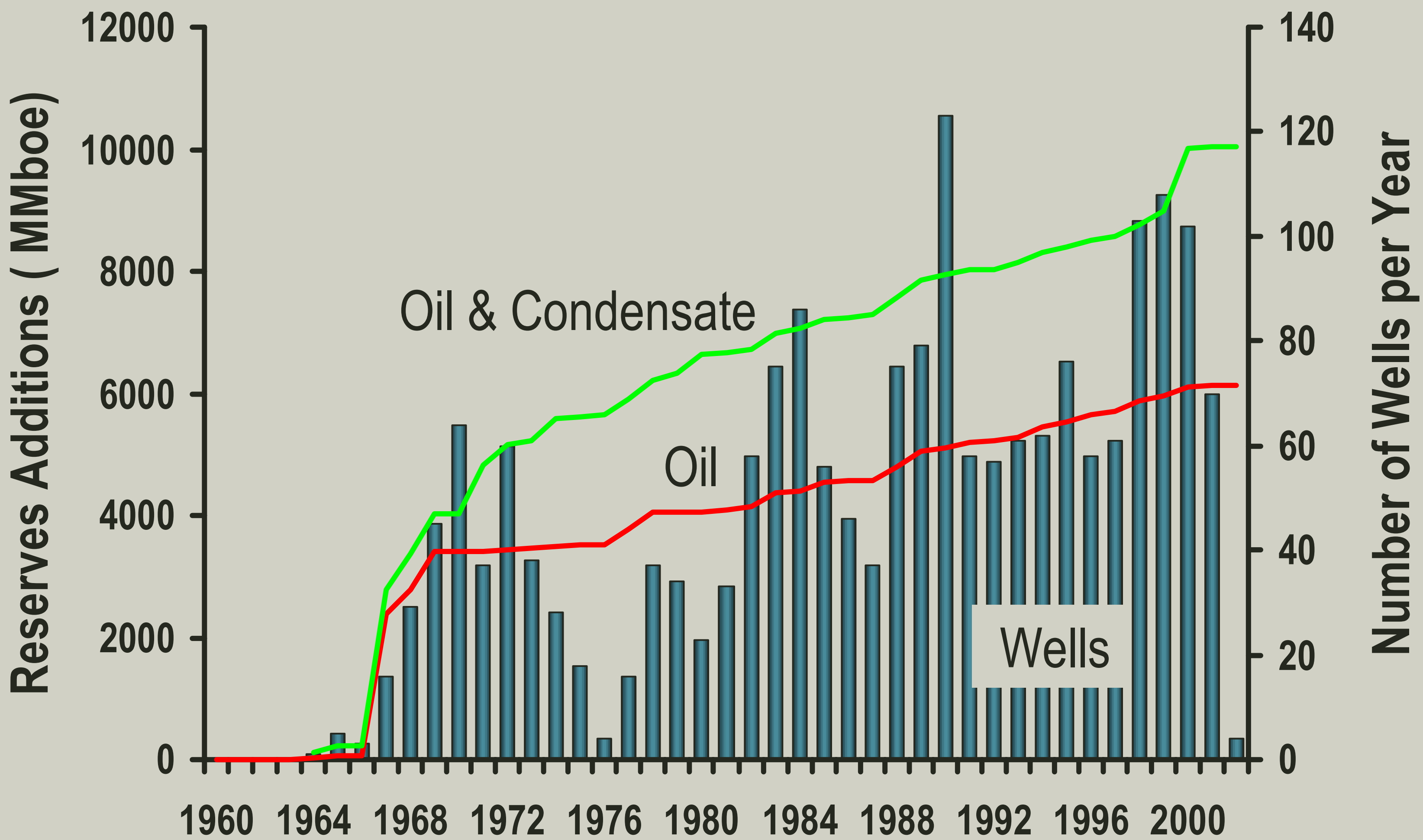
Australia – maturity in shallow waters



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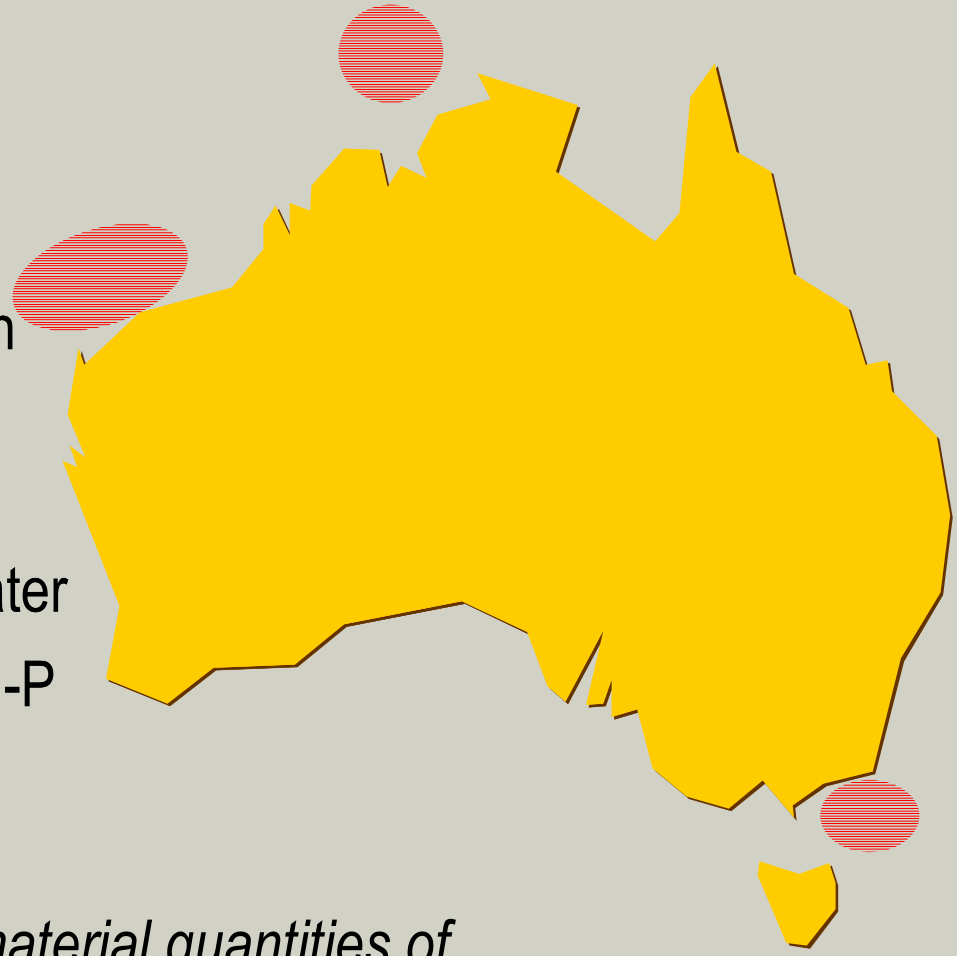
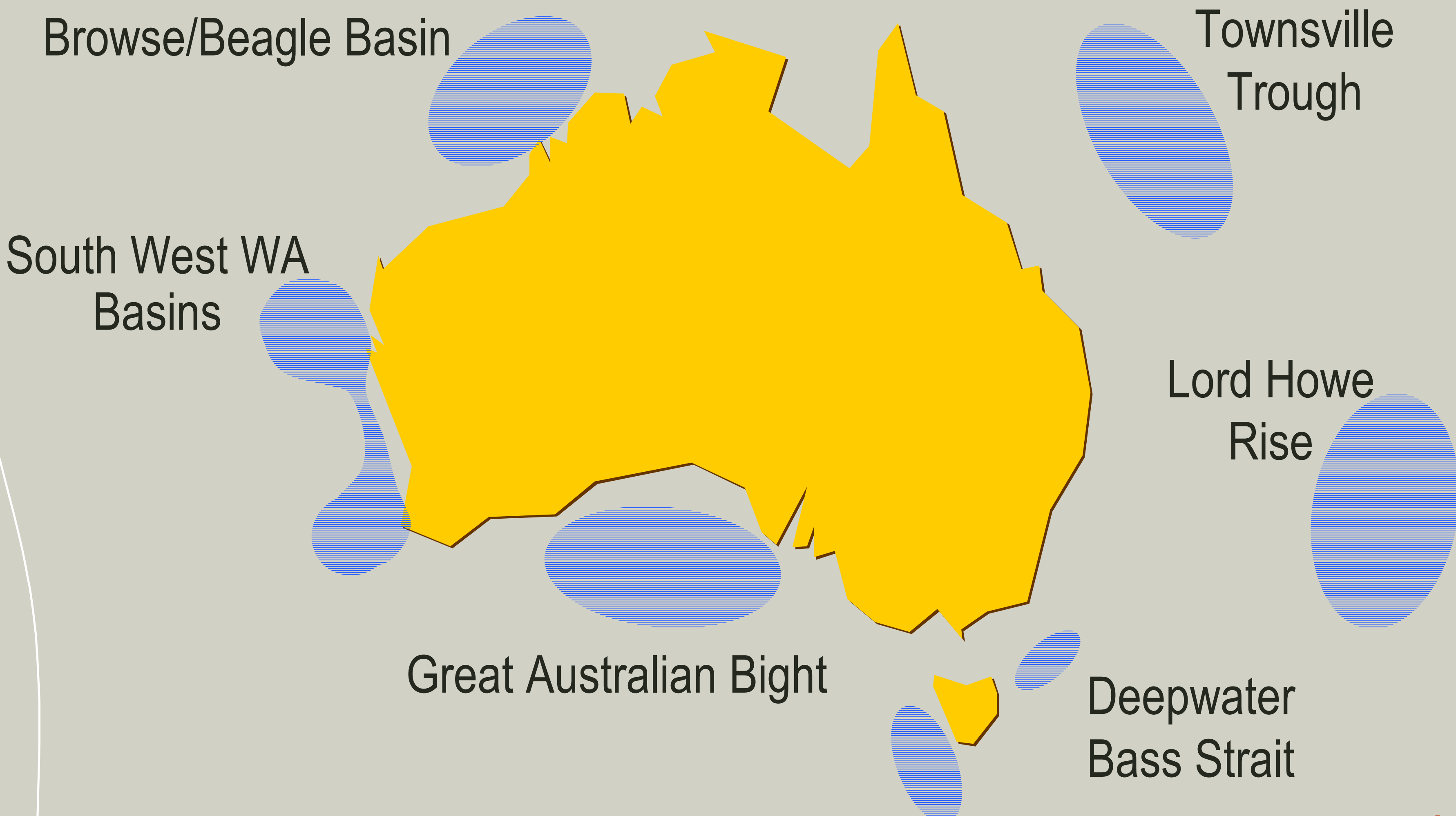
Australia – activity in maturing areas

- Shallow water basins are well explored
- Infill exploration close to infrastructure will continue
  - ‘new’ technology application (3D seismic)
  - incremental reserves
- New plays in existing shallow water
  - eg. Enfield area in WA-271-P



But these are unlikely to yield material quantities of hydrocarbons…

Australia – the potential of frontier basins



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Australia – oil

Trends in industry:

- Declining liquids production
- Industry focus is diverging
  - Minors focus on mature areas, generally smaller prizes
  - Majors focus on larger opportunities
- Australia regarded as maturing, and lacking prospectivity
- Some untested frontier areas, mainly offshore

Responses:

- Funding for technical data
- Review of fiscal terms

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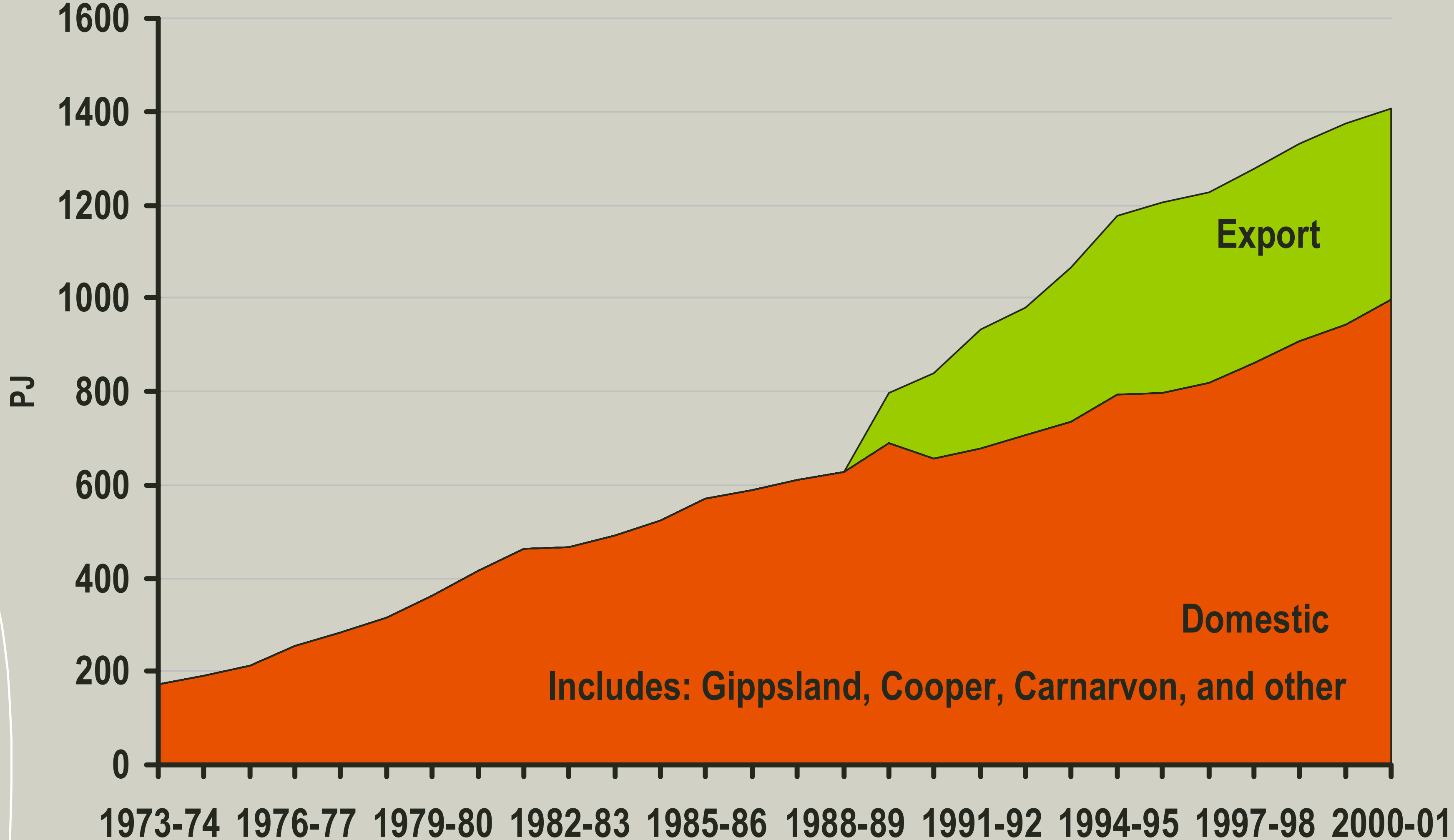
Australia – history of gas production



Source: AGA

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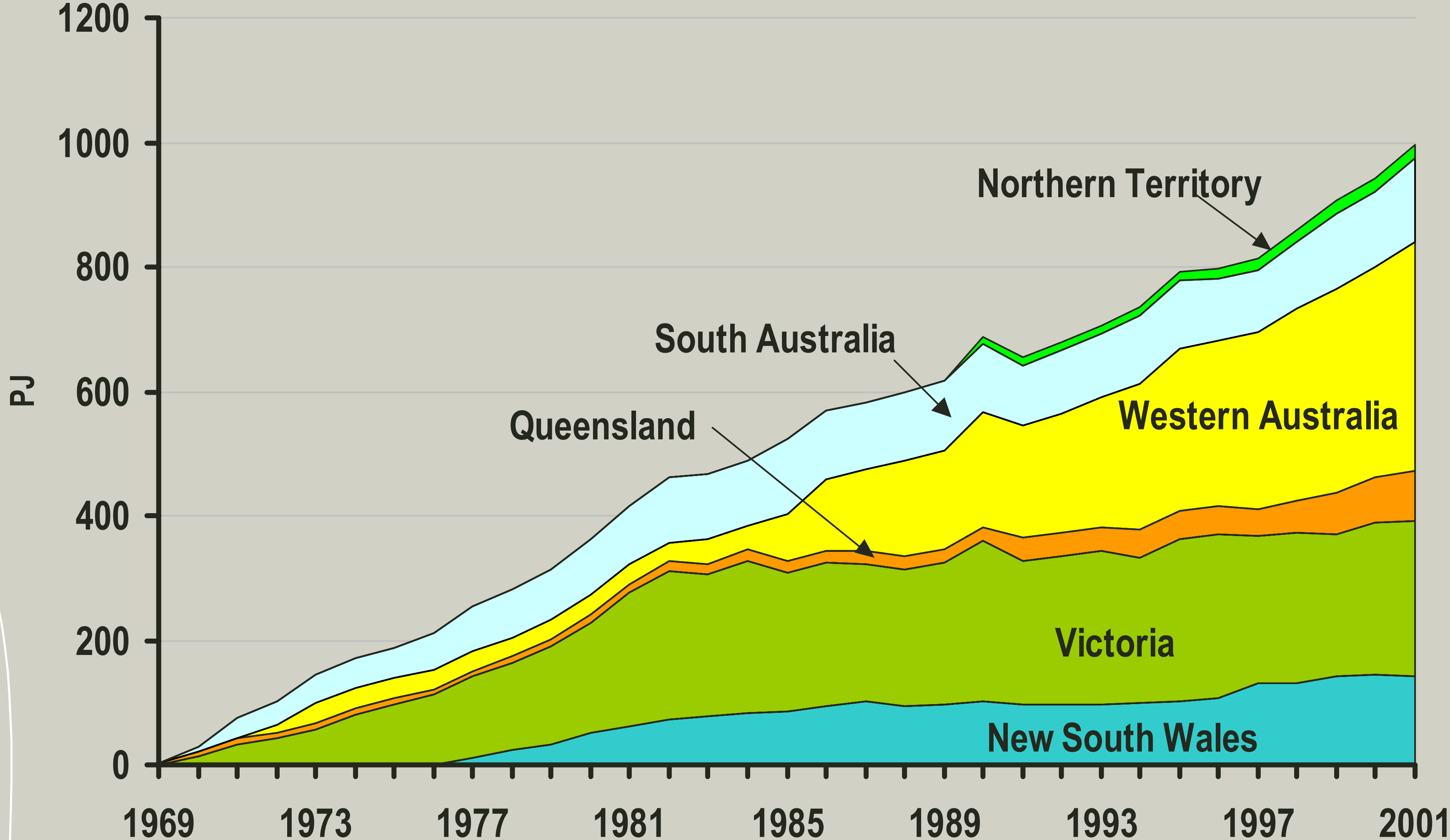
Gas consumption by State*



* Includes ethane, non-commercial natural gas and methane produced from other than natural gas fields.

** Includes ACT. Source: AGA

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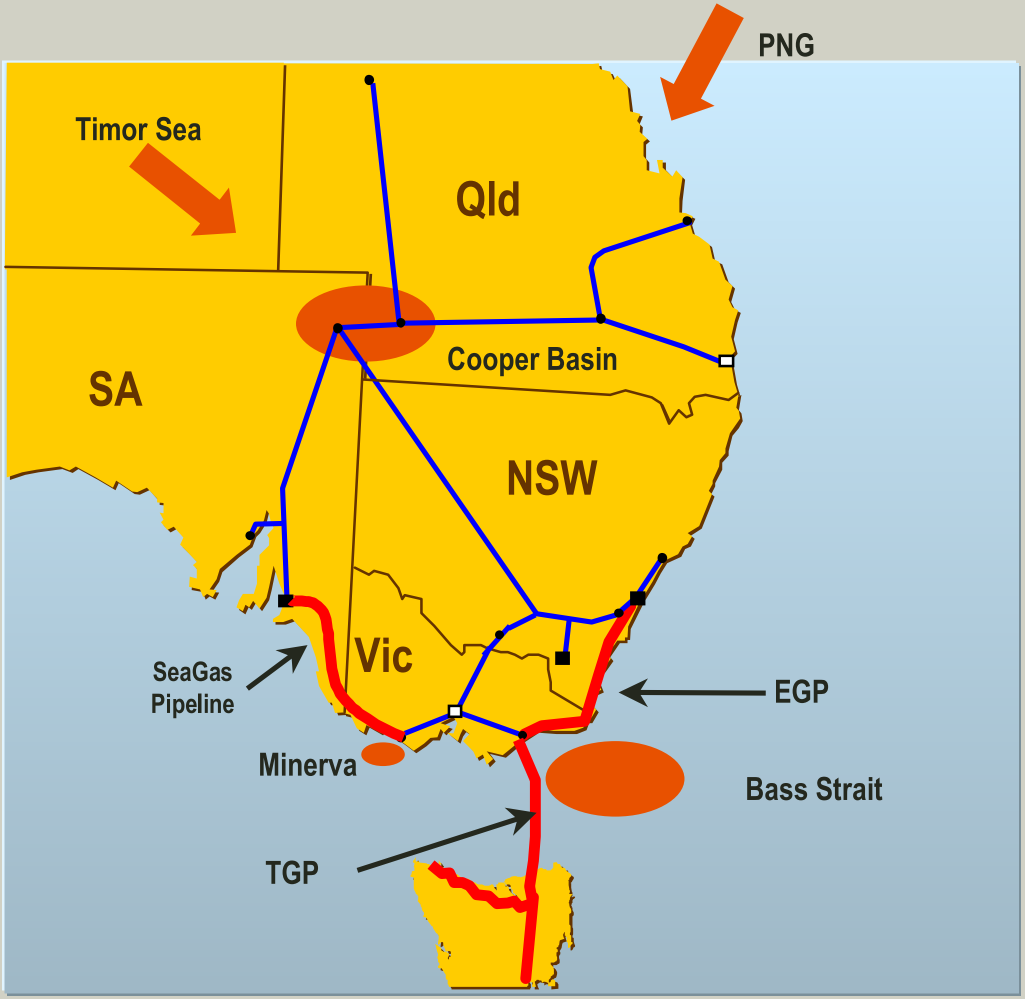
Australia – progressive inter-linking of markets



- 10 Years Ago
  - Bass Strait gas sold in Victoria
  - Cooper Basin sold in NSW & South Australia
- Now
  - Eastern Gas Pipeline
  - Tasmania supply - July 2002
  - South Australia pipeline to be completed by 2004
  - Other interconnection proposals
  - Timor Sea & PNG discussion

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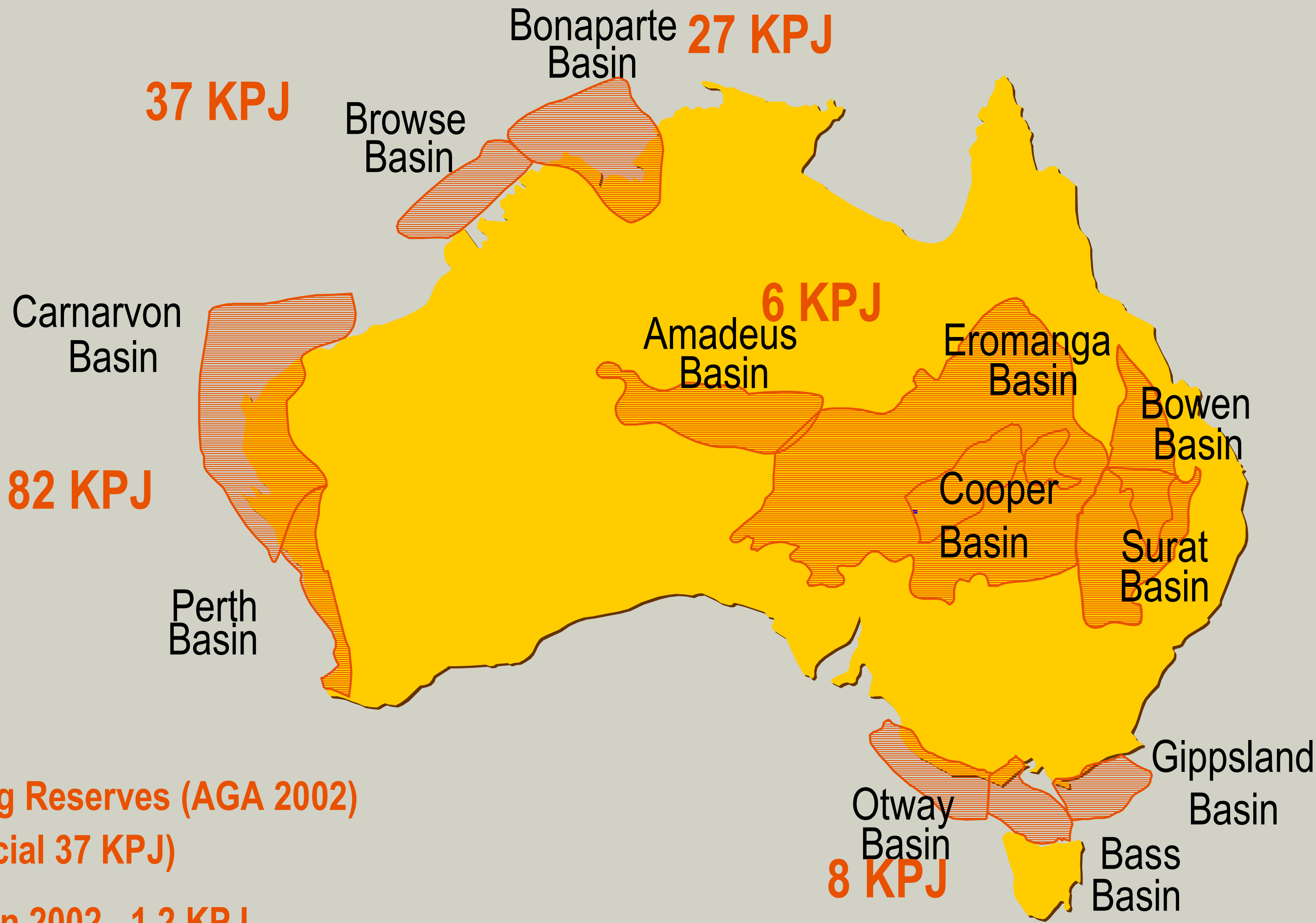
Australia – domestic gas

Trends in industry:

- Continuing increase in number of upstream suppliers
- New gas supply source likely to be required for SE Aust. ~ 2010/15
    - Including necessary transmission pipeline investment
- Gas pipeline network growing without Govt. sponsorship/incentives
- Emerging role of coal bed methane
    - Level of ongoing investments dependant on supply experience and available market
- Continued retail and pipeline consolidation
- Gas market remaining relatively immature and shallow

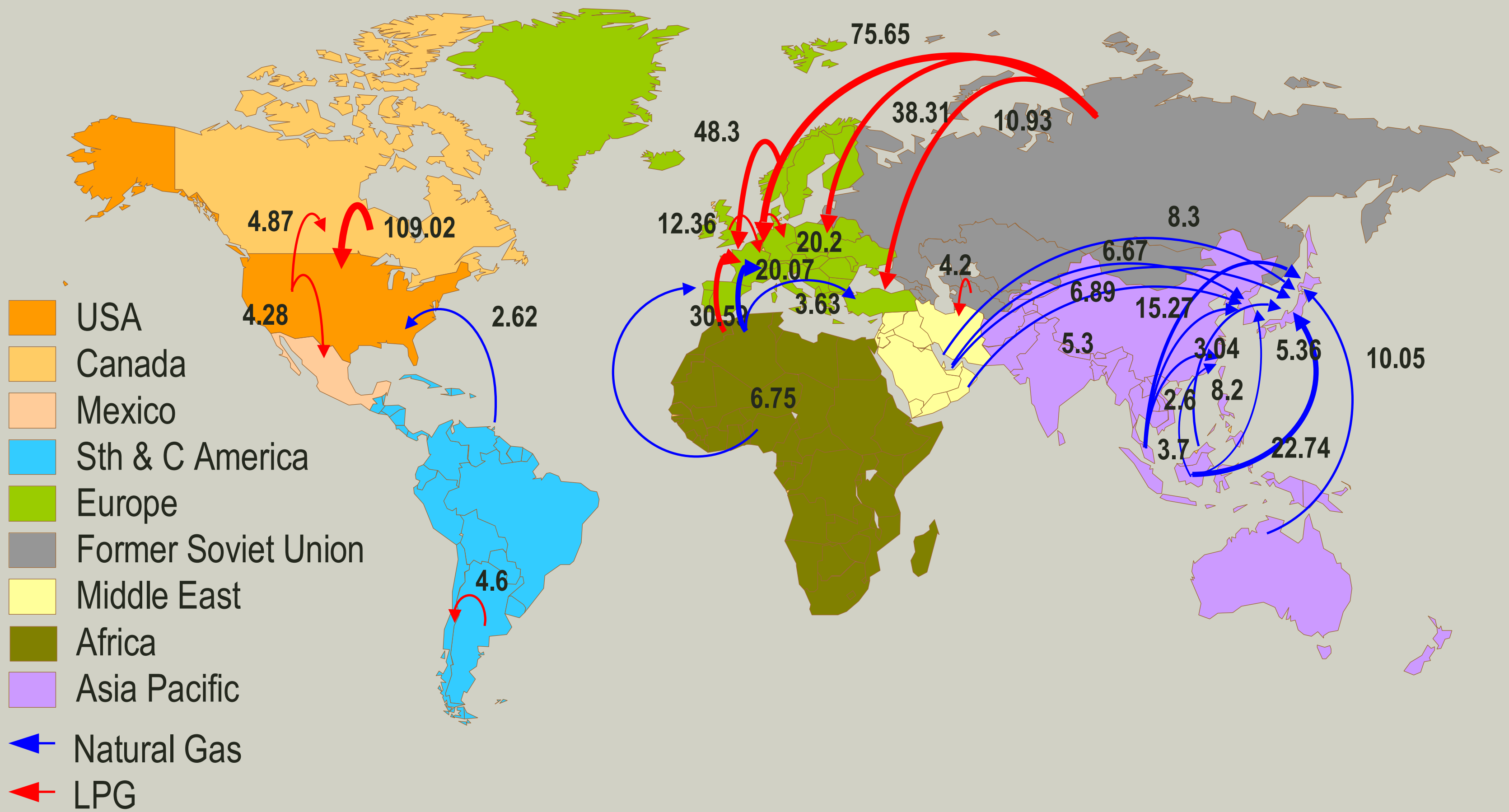
Australia – gas resources



Remaining Reserves (AGA 2002)
(Commercial 37 KPJ)

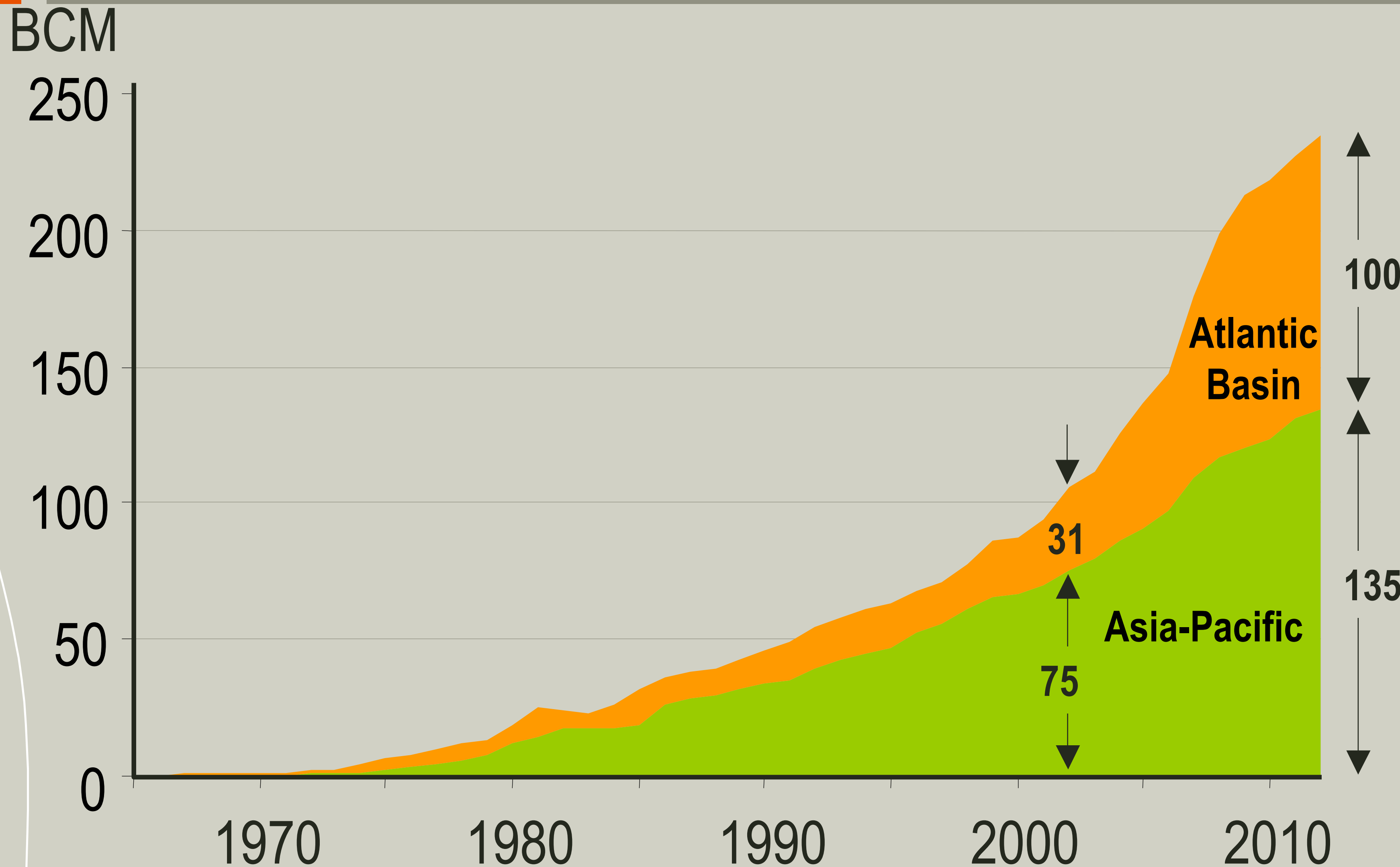
Production 2002 1.2 KPJ

Major Gas Trade Movements
Trade flows (billion cubic metres)



Source: BP Statistical Review of World Energy 2002

LNG – continues to grow



Source: Poten Partners

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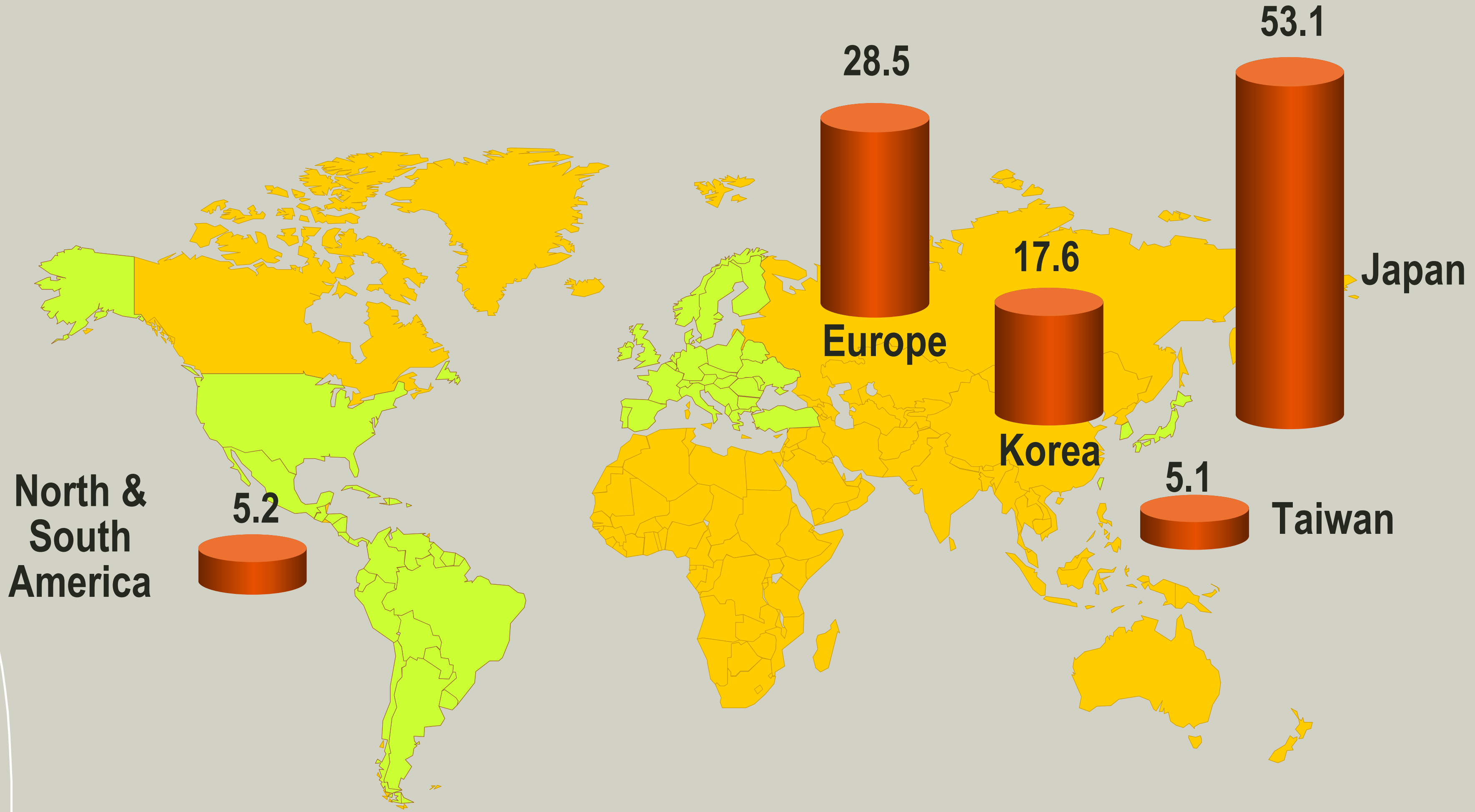
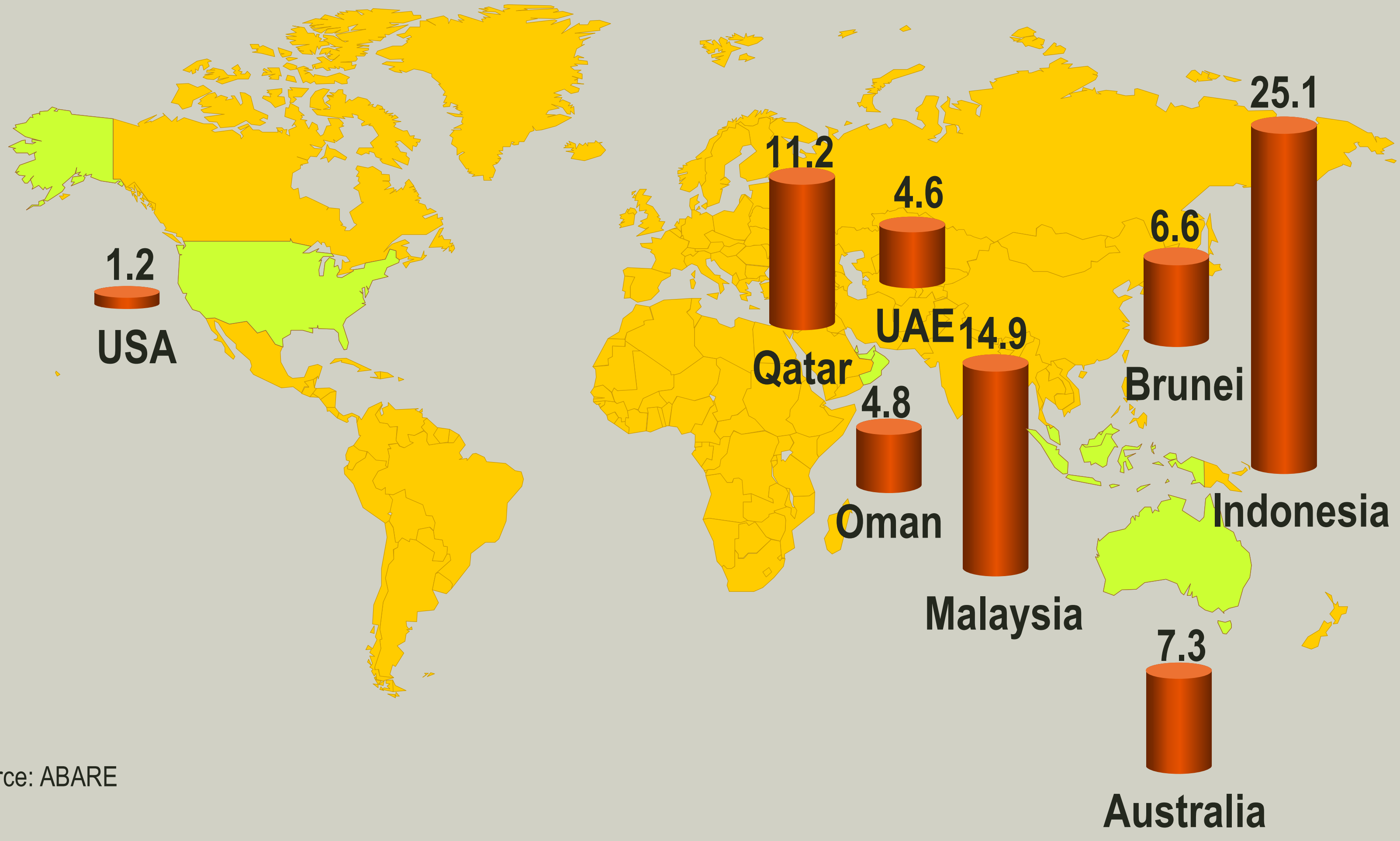
LNG – world imports, 2002 (million tonnes)



Source: ABARE

LNG – supply to Asia, 2002 (million tonnes)



Source: ABARE

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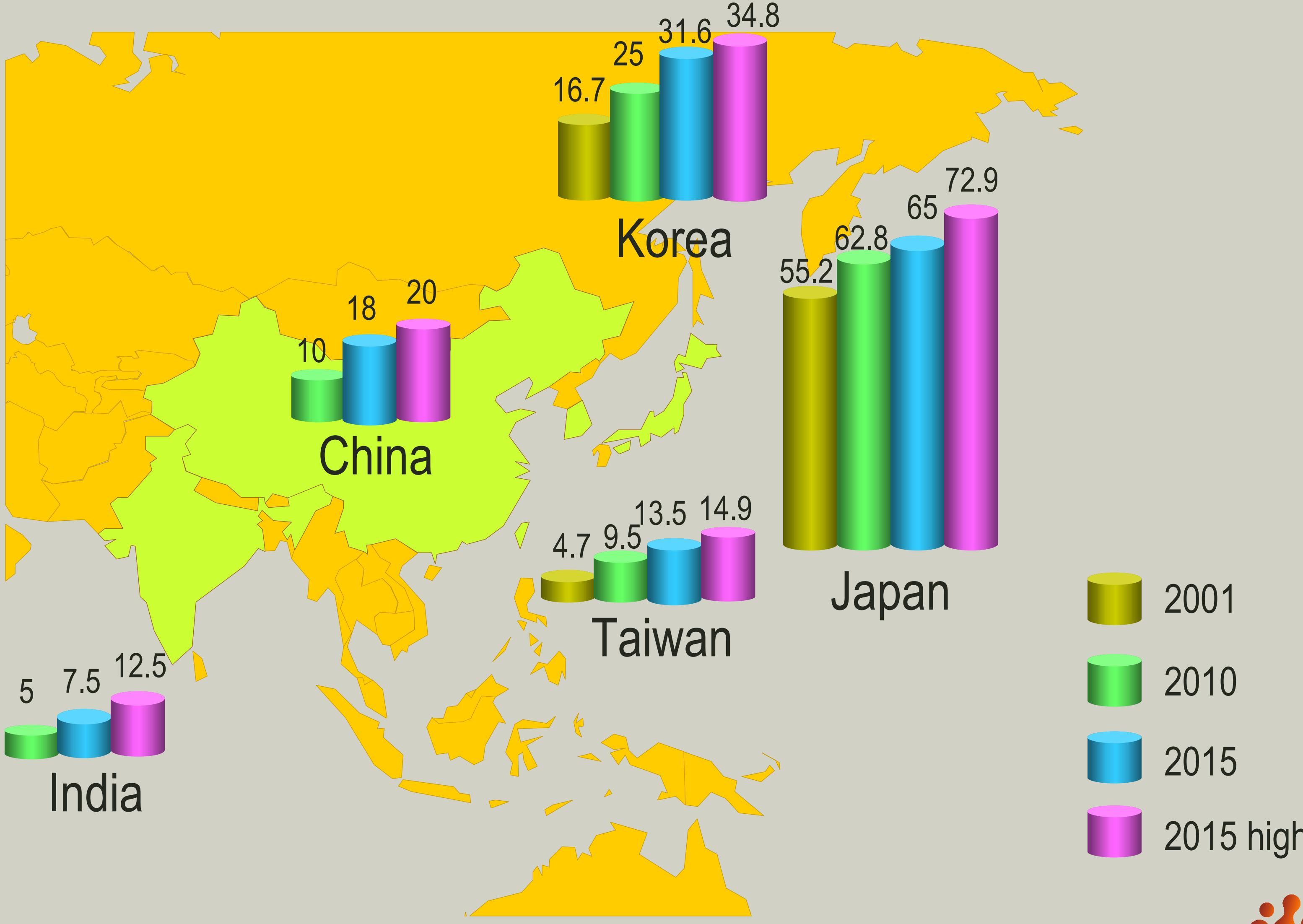
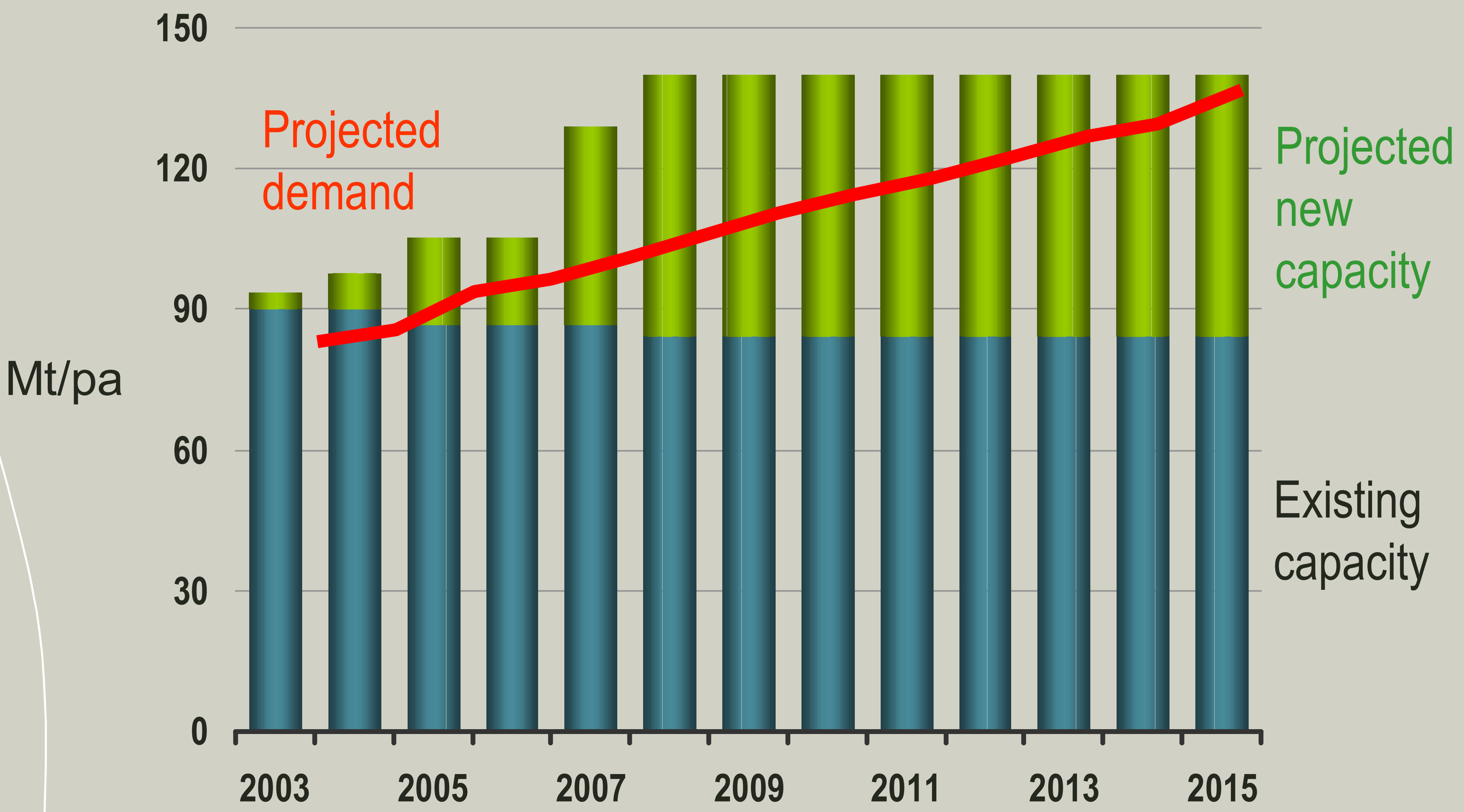
LNG – Asian demand projections (million tonnes per annum)



Source:ABARE

LNG – capacity expansion plans



Source: ABARE

LNG – market dynamics

Trends in industry:

- Fierce producer competition is lowering prices and margins
- Cost base of liquefaction is reducing
- LNG moving to “commodity status” in global market
- New LNG markets slow to materialise
- US emerging as a market
- Around 2010, expect another Australian producer of LNG other than NWS

Summary

- Australia will need to compete for exploration dollars
- Domestic gas market is immature but developing
- Australia positioned to supply growing LNG market