

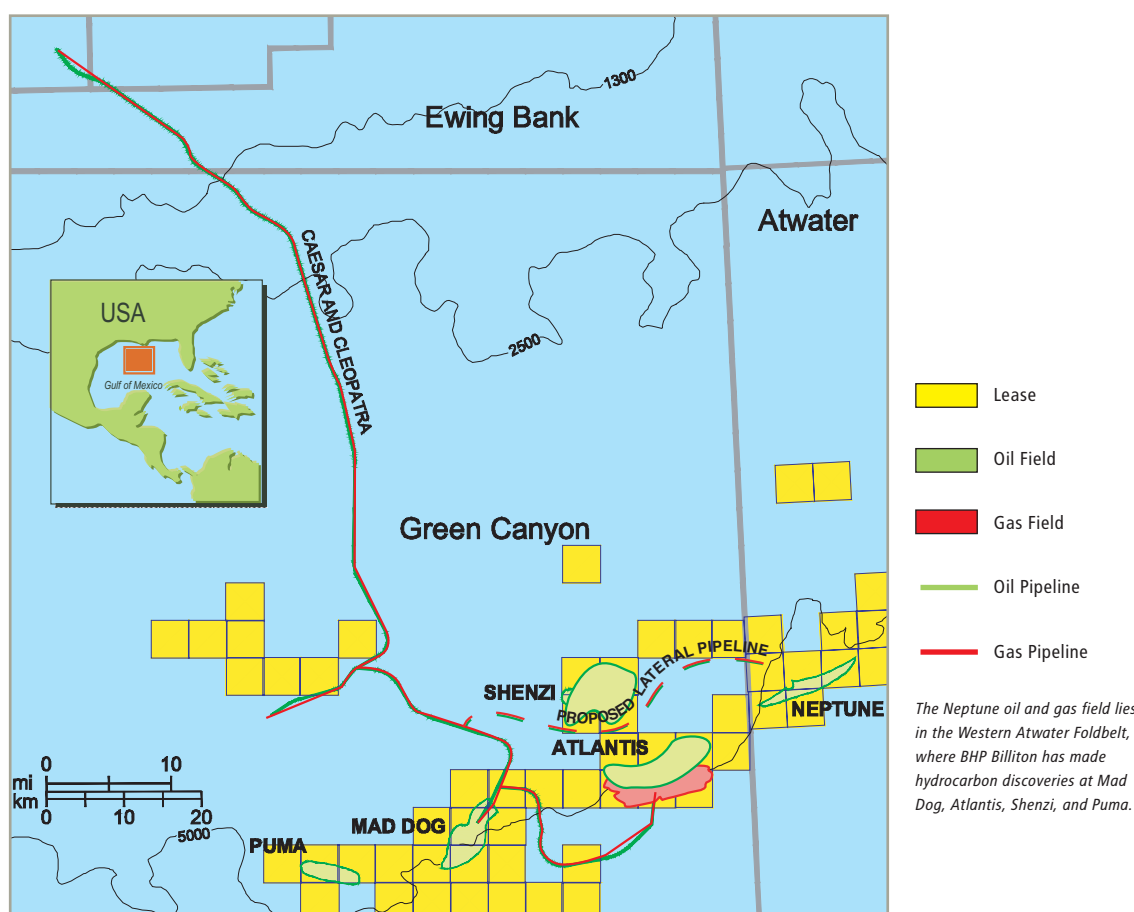
# NEPTUNE DEVELOPMENT

## GULF OF MEXICO

JUNE 2005

### OVERVIEW

- BHP Billiton has approved the development of the oil and gas reserves at the Neptune field in the Gulf of Mexico. Gross costs for the Neptune development project are estimated at US\$850 million, with BHP Billiton's share approximately US\$300 million.
- Neptune reserves will be produced using a standalone, tension leg platform (TLP). The facility will have the design capacity to produce up to 50,000 barrels of oil and 50 million cubic feet of gas per day.
- Recoverable hydrocarbon reserves at the Neptune field are estimated by the Company at a range of 100- to 150-million barrels of oil equivalent (boe).
- First production is expected by the end of calendar year 2007, with seven initial subsea wells tying back to the TLP.
- BHP Billiton is the operator of the Neptune field. The joint venture participants are BHP Billiton, 35%; Marathon Oil Corp., 30%; Woodside Petroleum Ltd, 20%, and Maxus (US) Exploration, a subsidiary of Repsol YPF, 15%.
- The Neptune field is located in the deepwater, central Gulf of Mexico approximately 120 miles from the Louisiana coast. The field comprises Atwater Blocks 573, 574, 575, 617, and 618.
- Water depths here range from 4,200 to 6,500 feet. The production facility will be located in approximately 4,250 feet of water.



### STRATEGIC CONTEXT

The core purpose of BHP Billiton's Petroleum Customer Sector Group (CSG) is to create value through the discovery, appraisal, acquisition, development, production, and marketing of petroleum resources. Petroleum aspires to build its business around a set of existing and new core businesses with the scale and scope to provide longevity of operations and multiple opportunities for reinvestment.

In the past year the Gulf of Mexico (GoM) has emerged as the Petroleum CSG's third core business, joining the Bass Strait and North West Shelf assets. The GoM possesses several favorable attributes for oil and gas exploration and production, including access to world-class fields, reservoirs, and infrastructure; low country risk, good fiscal terms, and close proximity to the world's largest market for hydrocarbons.

Neptune will be BHP Billiton's first standalone, operated deepwater facility in the GoM. It is located in the Western Atwater Foldbelt, an area where the Company has captured a dominant acreage position. The project will add to the Company's expanding portfolio of producing assets in the GoM. With Mad Dog, which came onstream in January 2005; and Atlantis, which will start-up in 2006, and now Neptune, the Company's net production from the GoM will exceed 100,000 boe per day.

Appraisal programs are currently underway at Shenzi, Cascade, Chinook, and Puma, which are all located in the deepwater central Gulf of Mexico. Exploration activities are also in progress at Company-owned leases located primarily in the deep- and ultra-deepwater of the Central GoM, as well as in selected areas along the continental shelf. As of 1 June 2005, BHP Billiton has interests in more than 400 leases in the GoM, including working interests in 330 exploratory blocks with 19 lease blocks held by production.

### BACKGROUND

Neptune was discovered in 1995 and was the first discovery in the Western Atwater Foldbelt. An initial appraisal well (Neptune-2) was drilled in 1997. BHP Billiton took over operatorship in 2002, subsequently drilling four appraisal wells, with two sidetracks, to delineate the field. These included Neptune-3, drilled in 2002, which encountered 120 feet of net pay; Neptune-5, drilled in 2003, which found 500 feet of net pay; and Neptune-7, drilled in 2004, which intersected 114 feet of net pay.

Atwater Blocks 573, 574, 575, 617, and 618 comprise the Neptune field, located approximately 120 miles south of the Louisiana coast. The Sigsbee Escarpment is the dominant subsea feature of the field, with water depths ranging from 4,200 feet to 6,500 feet. The host facility will be located above the escarpment in 4,250 feet of water.

### DEVELOPMENT CONCEPT

The joint venture partners have selected a standalone, tension leg platform (TLP) to develop the hydrocarbon reserves at Neptune. The facility will have the design capacity to produce up to 50,000 barrels of oil per day and up to 50 million cubic feet of gas per day. The proposed facilities, wells, and completions are proven designs that have been successfully implemented in the deepwater Gulf of Mexico. The TLP design is similar to the Chevron/BHP Billiton Typhoon platform in Green Canyon Blocks 237 and 238.

First oil is expected by the end of calendar year 2007, with seven initial subsea wells tying back to the TLP. The wells, subsea systems, flowlines, floating systems, topsides, and risers will be designed, procured, fabricated, and operated by BHP Billiton on behalf of the Neptune joint venture partners. The oil and gas will be exported via new lateral pipelines into the existing



*The Development Driller 1, on contract to BHP Billiton through 2007, was specially designed for deepwater development drilling activities. It includes 18,000 square feet of useable deck space and more than 7,000 metric tons of variable deck load.*

Caesar and Cleopatra trunk lines, in which BHP Billiton holds a 25 percent and 22 percent interest, respectively. The new laterals will be installed, owned, and operated by Enbridge Offshore (Gas Gathering) LLC.

Drilling and completion operations will be executed using the *Development Driller 1*, a newly built and commissioned ultra-deepwater semi-submersible drilling rig. In 2004 BHP Billiton signed a two-year contract with the drilling contractor GlobalSantaFe for the use of this rig in the GoM. The *DD1* was designed to meet the requirements of drilling in challenging deepwater environments and has been optimized for development drilling and subsea completion projects.

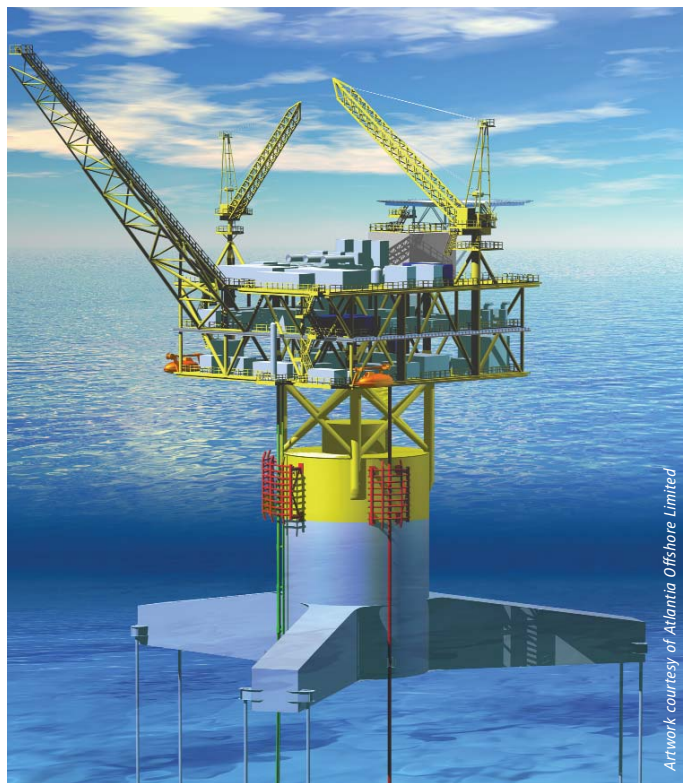
### HEALTH, SAFETY, ENVIRONMENT, AND COMMUNITY

BHP Billiton's goal is zero harm to people and the environment at all of its operations and assets. The Company is committed to continuous improvement in its HSEC (health, safety, environment, and community) performance, and measures this on an ongoing basis against both internally and externally set standards.

In the fiscal year ending 30 June 2004, all of the Company's operated assets attained ISO 14000 certification, which acknowledges that the Company meets internationally set standards for environmental management systems. No major oil spills or environmental incidents were reported during the year, and the Company did not receive any fines or prosecutions for environmental breaches.



Members of BHP Billiton's Americas Operated and Development team at a Company-sponsored beach clean-up day on the Louisiana coast earlier this year.



Artist's rendering of the proposed Neptune tension leg platform.

In the Gulf of Mexico, BHP Billiton is one of the few operators of oil and gas production facilities to earn ISO 14000 certification, which was renewed in May 2005. Also in May 2005, the Company earned OHSAS (Occupational Health Safety and Standard) 18001 certification, which recognizes that the Company has implemented policies and procedures to help minimize health and safety risks to employees and other persons.

In early 2005 members of BHP Billiton's Americas Operated and Development Asset Team "adopted" a portion of the Louisiana coastline for a clean-up day ahead of the busy summer vacation season. The Company has committed to partnering with other organizations to make this a sustainable, annual event.

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