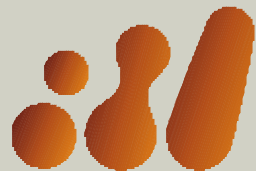


Proposed Iran to India Overland Gas Pipeline: Project Overview

India Oil & Gas Conference

Paul Samson

Vice President, BHPBilliton



bhpbilliton

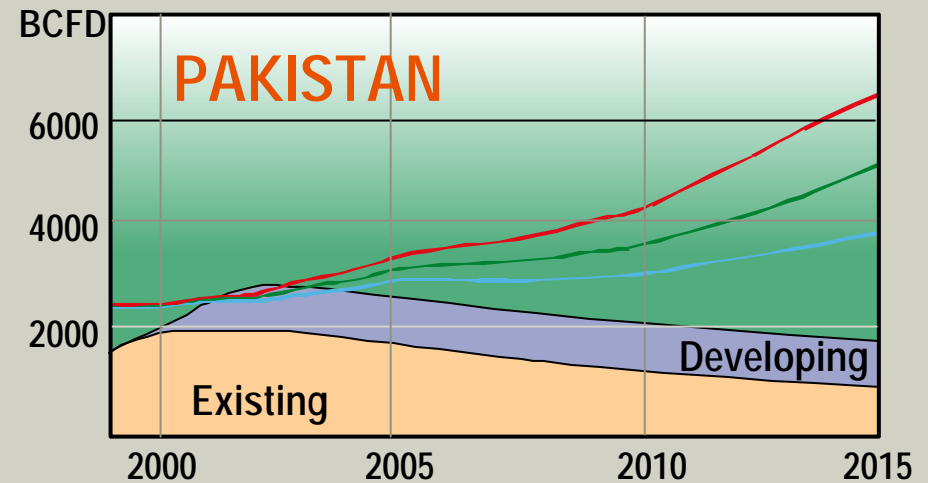
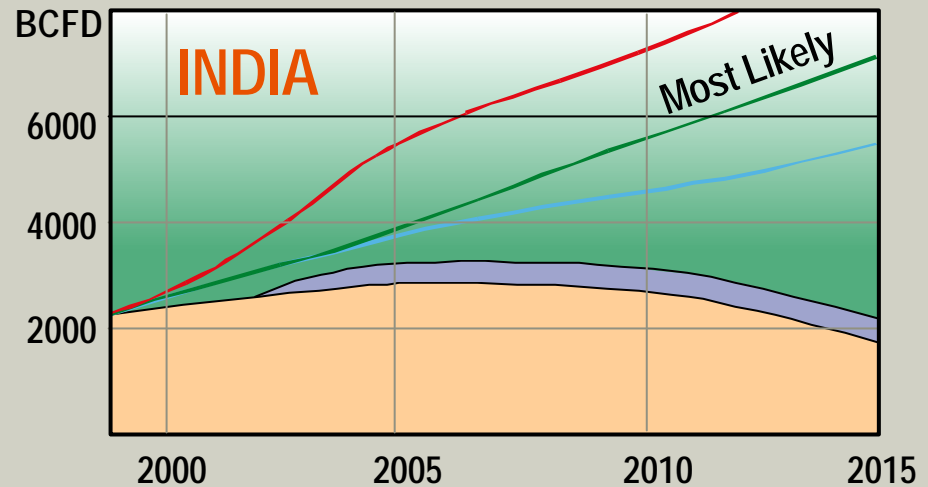
Outline

- The Fundamentals
- The Project
- The Benefits
- The Risks
- Possible mitigations
- Critical success factors
- Competitors
- The Value Proposition
- What needs to happen?
- Summary

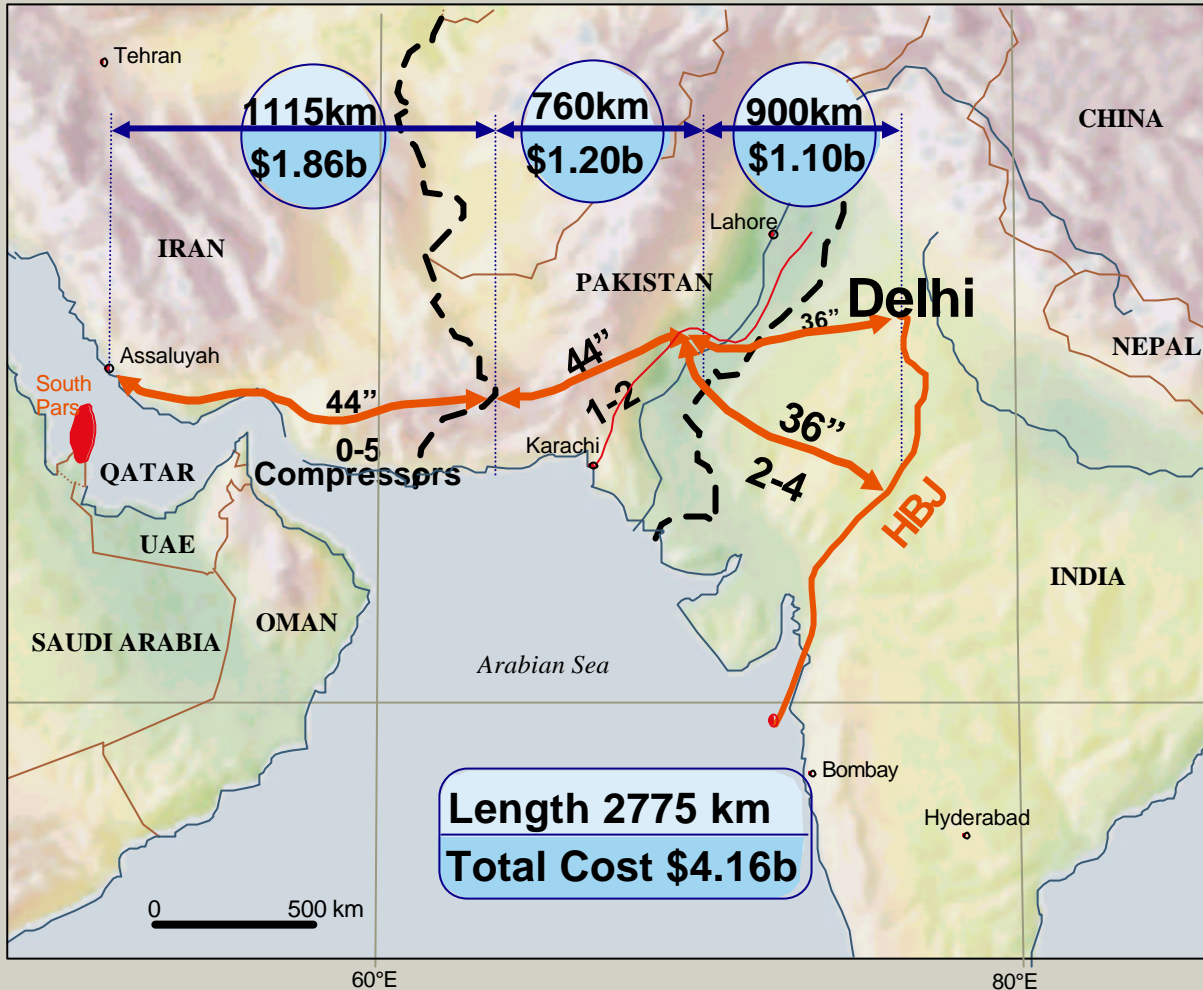
The Fundamentals

- **Abundant low cost supply - Iran**
 - 200 years of India's energy demand
 - Condensate rich, large scale gas development
- **Existing, growing energy demand – India (and Pakistan)**
- **Technically simple**
 - High pressure pipe – tried and tested, local capabilities
 - Compression phased with growth in demand

Simply the lowest cost supply of large volumes of gas for the decades to come...



The Project



- Throughput:
1.5 to 3.0BCFD
3.8% pa growth
- Class 900 , x80
- MAOP 2220psig
- 44" to border
- 36" from border

The Benefits

India:

- Affordable, unlimited supply
- Economic growth
- Diversity of supply

Iran:

- Diversification from oil revenue
- Long term foreign exchange earnings



Pakistan:

- Affordable, unlimited supply
- Internationally benchmarked compensation for transit

The Risks

- **Reserves** – 100+ years supply of the 2010 unconstrained demand
- **The market** – infrastructure, ability to pay
- **Politics** – can commercial imperatives prevail over politics?
- **Security of supply** – some real, some perceived
- **Finance** – will only be available if all of the above are mitigated

Possible Mitigations

POLITICAL:

- Government guarantees
- Understanding
- Acceptance
- 2 x bilateral agreements
- Energy Charter

PHYSICAL:

- Motion detectors
- Gas storage
- Fuel back up
- Satellite monitoring
- Mutual dependence

CONTRACTUAL:

- T o P
- S o P
- Sovereign guarantees
- 2 Contracts

FINANCIAL:

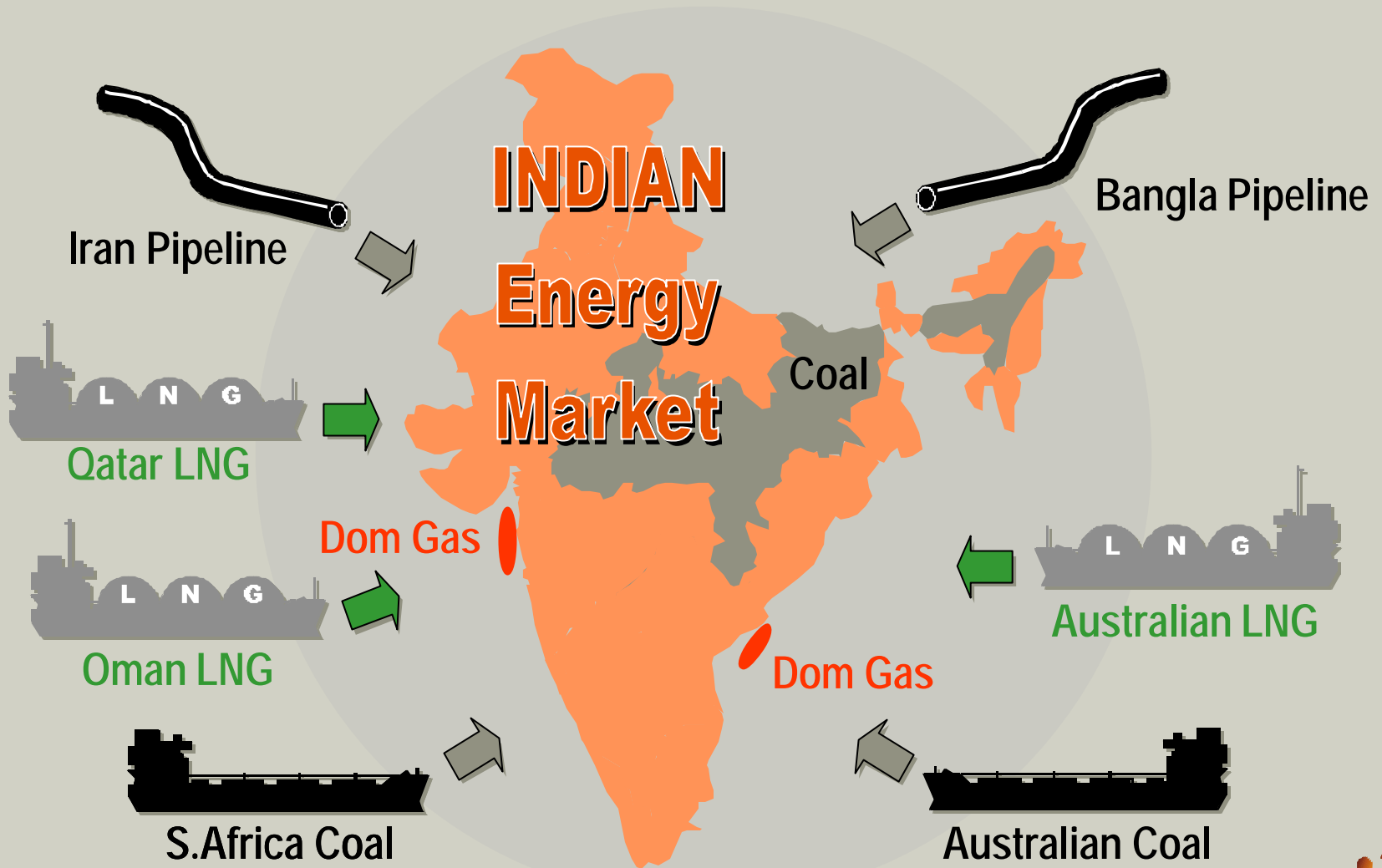
- MLA covenants
- Escrow accounts

A combination of these will be required...

Critical success factors

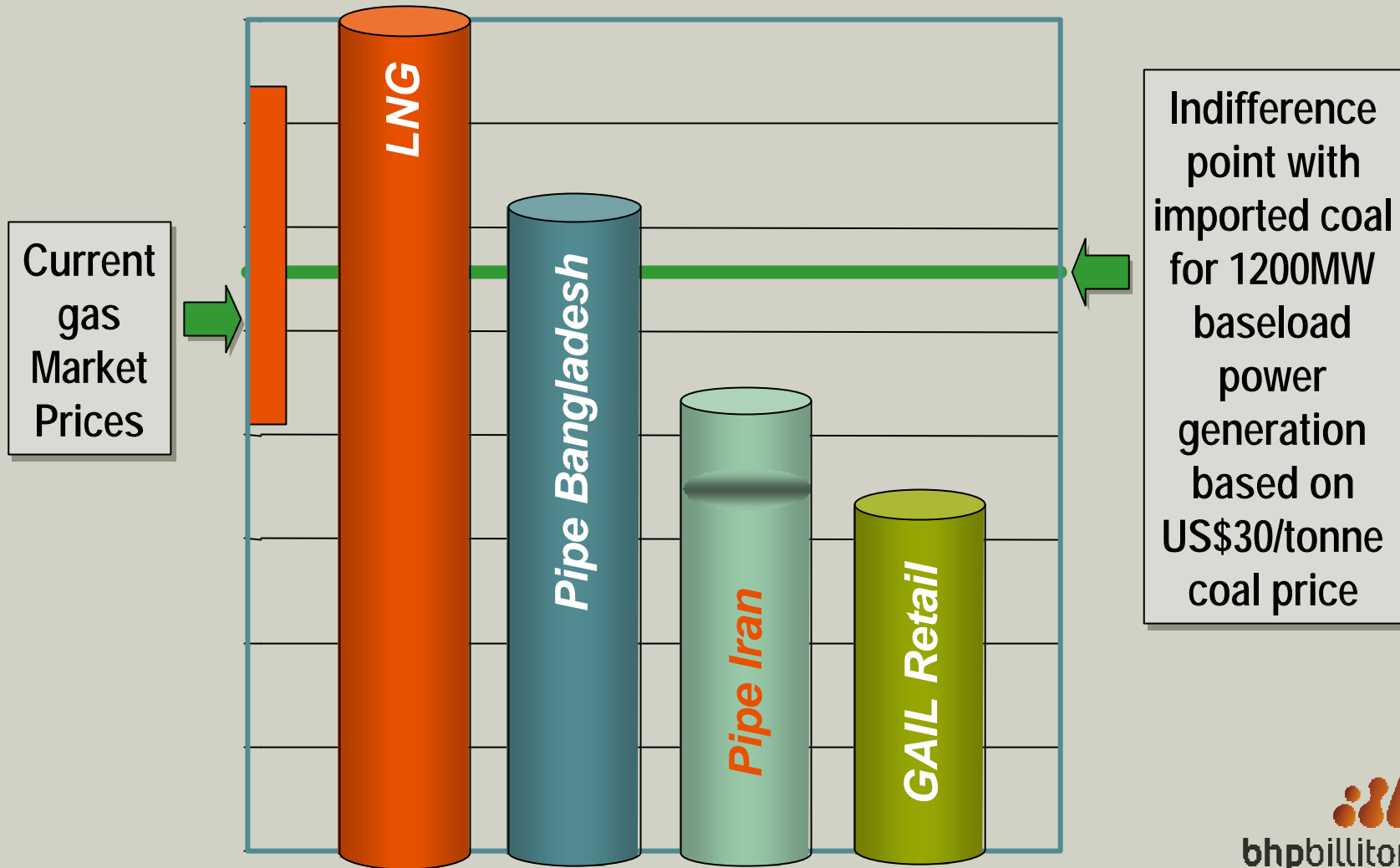
- ✓ Gas delivered to customers at **competitive AND affordable price**
- ✓ Credible supply
 - Creditworthy buyers
 - Co-paced development of receiving & distribution infrastructure
- ✓ Strong sponsors
- ✓ Sound economic fundamentals
- ✓ Flexible customer tailored value proposition
 - Mutual dependence to minimise concerns over security of supply and...
 - *Shared will to address political issues to allow mutual commercial benefits to prevail !!!*

Co-opetition = Security and Low Cost



The Value Proposition - \$10billion saved over 25 yrs

Delivered to Delhi @ \$18/bbl oil price



What needs to happen?

- Explicit Government(s) support
- Two bilateral treaties or best one trilateral
- Establish regulatory framework
- Integrated participation of key sponsors from source to market
- Complete feasibility study
- Set up sponsors leading to consortium
- Arrange financing
- Execute
- **First gas to Indian border: 36 months from financial closure**

Summary

- Project **fundamentals are strong**
- Provides long term **affordable energy** supply
- Political hurdles can be overcome – economic incentives
- Pre-feasibility results are encouraging
- There are a few visionary companies believing in the project

Role of BHPBilliton

- BHPBilliton - world's leading diversified resources company
- Servicing India's energy needs for the past 15 years
- Has been promoting gas exports from Iran since 1993
- Completed feasibility study from Iran to Pakistan
- BHPB mandated by NIOC to lead the study and execution
- Pre-feasibility work nearing completion