

A Brief Profile of BHP Billiton and the Oil and Gas Industry for Energy 27

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Overview of Today's Session

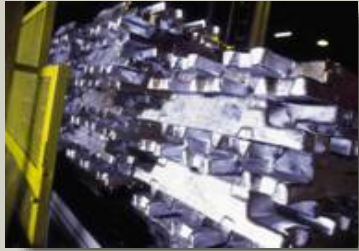
- Overview of the BHP Billiton Group
- Highlights from the Petroleum CSG
- Changes and Challenges to the Industry
- Questions and Comments

BHP Billiton – A Structure Driven by Customer Needs

Petroleum



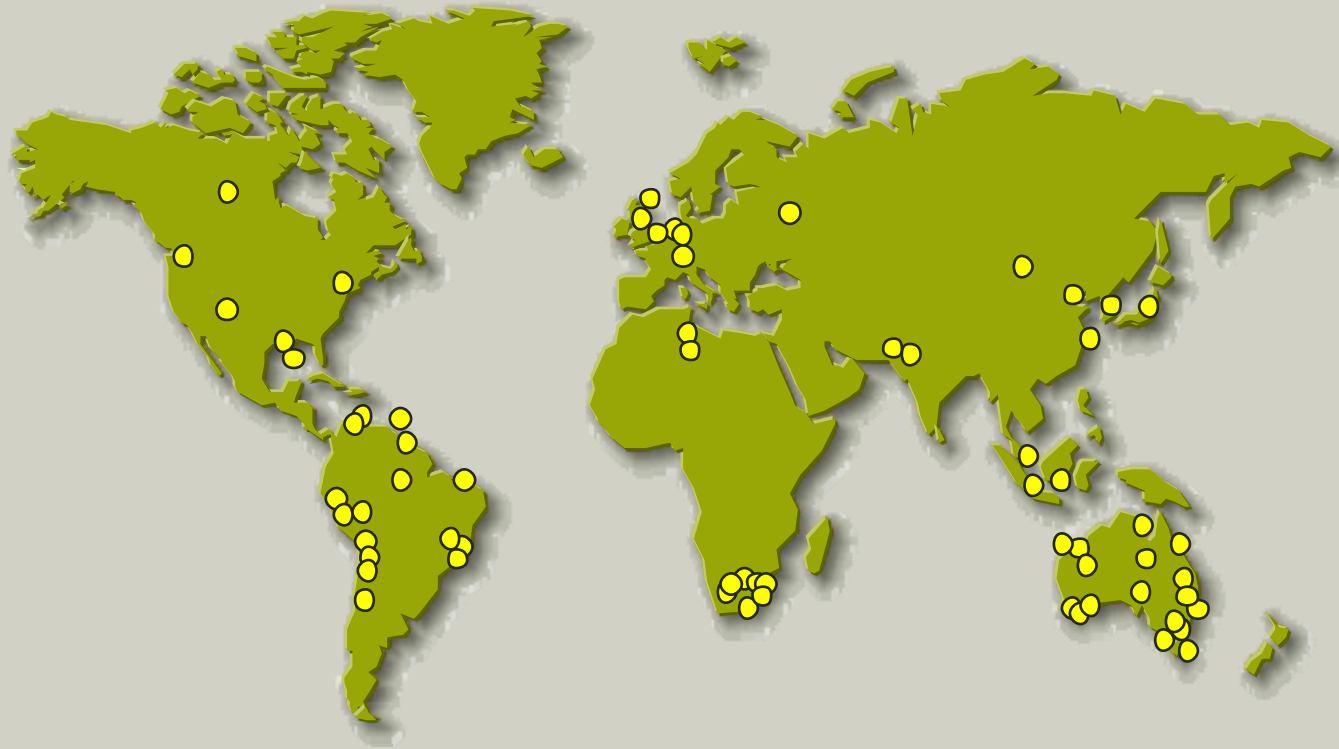
Aluminium



Base Metals



Carbon Steel Materials



Diamonds & Spec Prod



Energy Coal



Stainless Steel Materials



With Outstanding Assets in Each Customer Sector Group

Energy Coal
Operations in Sth
Africa, Australia,
US, Colombia

Petroleum
Oil
Gas
LNG

**Carbon Steel
Materials**
Iron Ore, Coking
Coal, Manganese



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**Operating Excellence
and Technical
Capability**

Base Metals
Copper, Silver
Lead, Uranium

Aluminium
Alumina
Aluminium

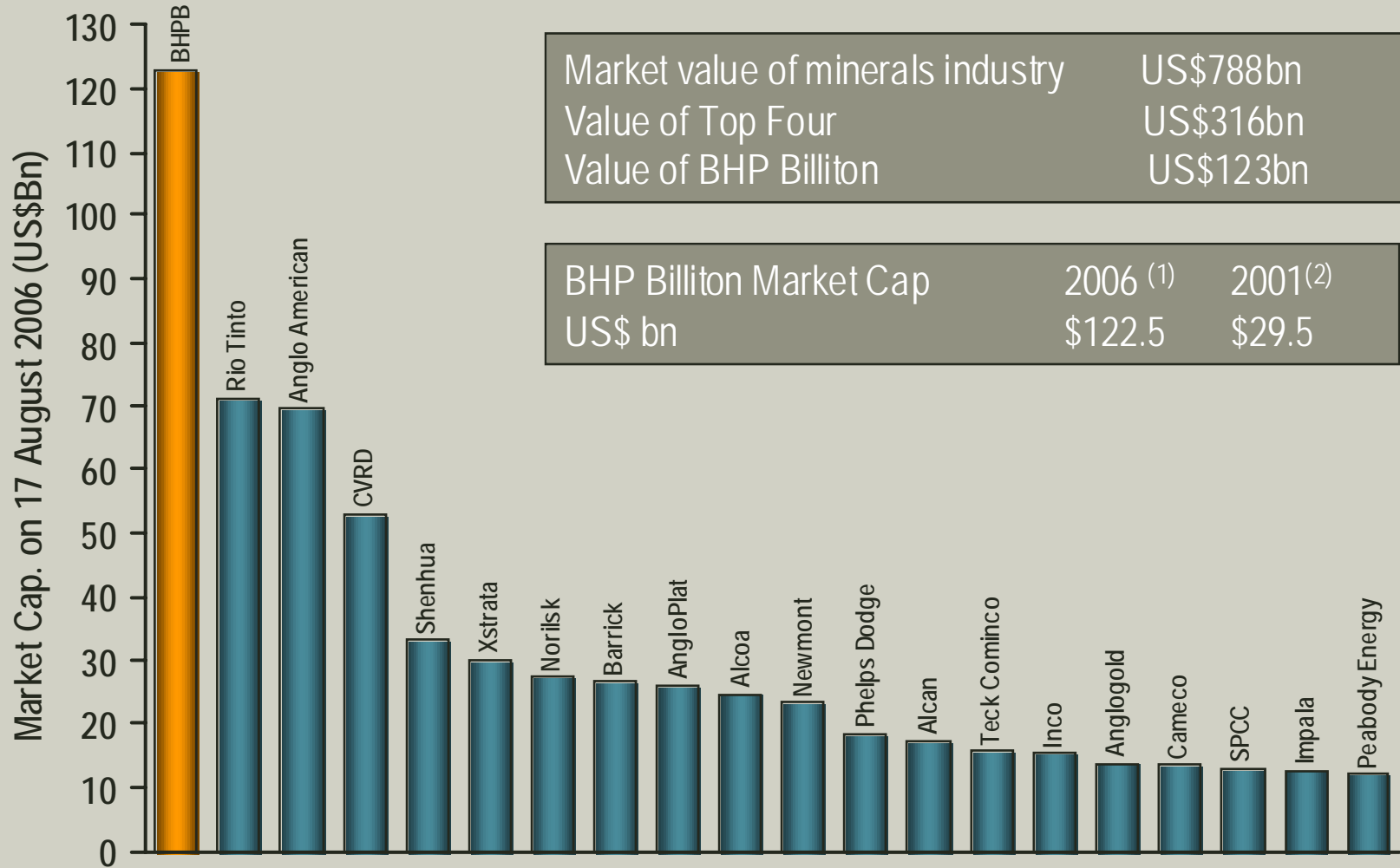
**Stainless
Steel Materials**
Nickel

**Diamonds &
Specialty
Products**
Diamonds, RBM



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The Largest Company in a Consolidating Sector



Market value of minerals industry	US\$788bn
Value of Top Four	US\$316bn
Value of BHP Billiton	US\$123bn

BHP Billiton Market Cap	2006 ⁽¹⁾	2001 ⁽²⁾
US\$ bn	\$122.5	\$29.5

Source: Datastream and Bloomberg (data as at 17 August 2006)

1. Market Capitalisation on 17 August 2006

2. Market Capitalisation on 28 June 2001

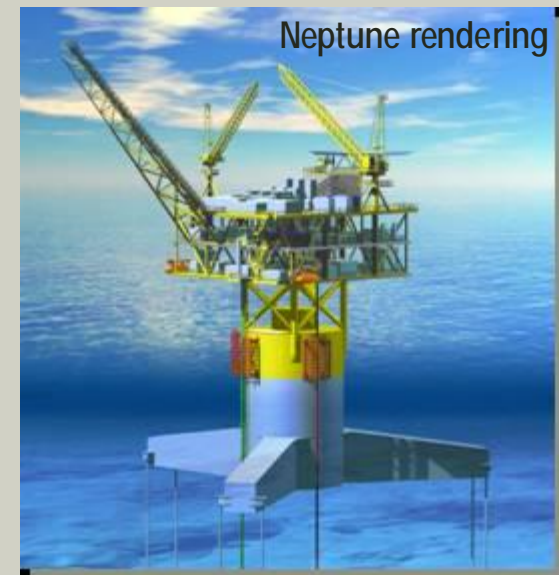
Petroleum – Current Operations



- Main Offices
- Production Operations
- Current Production – 315,000 barrels of oil equivalent per day

Gulf of Mexico – Project Update

- **Atlantis South** (44% BHP Billiton)
 - Capacity: 200,000 barrels of oil/day and 180 mmscf/day of gas
 - First production 1Q quarter 2007
- **Neptune** (35% BHP Billiton, operated)
 - Sanction June 2005
 - Capacity: 50,000 barrels of oil/day and 50 mmscf/day of gas
 - First production 4Q 2007
- **Shenzi** (44% BHP Billiton, operated)
 - Sanction June 2006
 - Capacity: 100,000 barrels of oil/day and 50 mmscf/day of gas
 - First production mid-2009



Oil & Gas: An Industry Undergoing Profound Change

Changing Shape of Supply & Demand

- Huge absolute growth
- Demand growth trending towards Asia (China)
- New price zone
- Alternatives now looking economic
- "Stranded" resources now in play

Infrastructure/ Capacity Constraints

- \$16Tn investment required to 2030 (IEA), across the value chain
 - Power plant – fuel & technology choices
 - Export/delivery systems
 - LNG import
 - Refining

Energy Insecurity Driving Government Policy

- Energy rising up government policy agendas
- Increasing government intervention
- NOCs securing international supplies

Environmental Policy Impacts Still Unclear

- Local issues impacting development
- Global climate – growing focus on efficiency, fuel mix, renewables, nuclear, technology

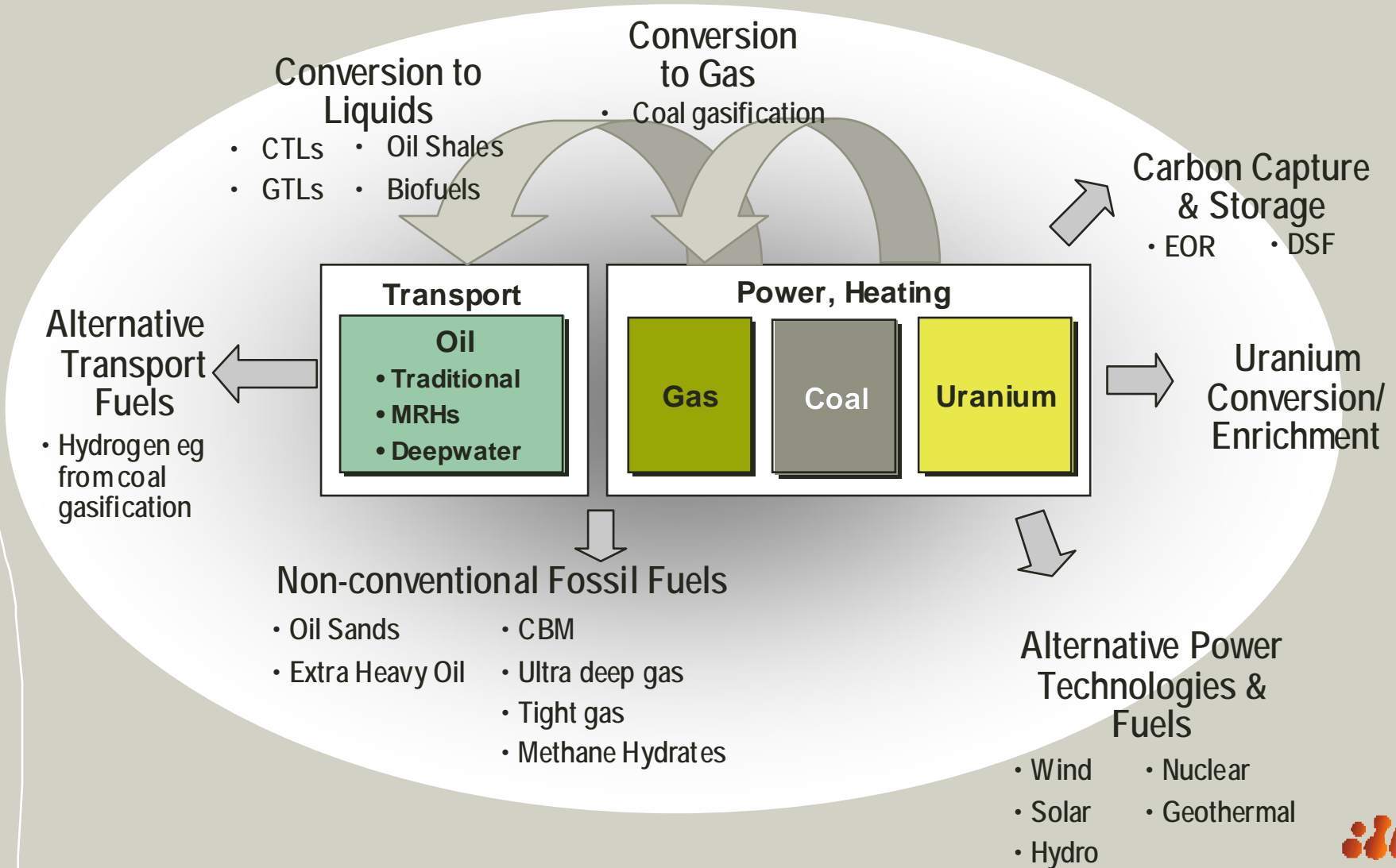
- New opportunities in non-traditional areas
- More options for resource commercialisation

- Projects are larger, more remote, more expensive

- Competition increasing for resource access
- Political risk and opportunity

- Has to be factored into investment decisions

Activities/Projects Go Far Beyond Traditional Areas

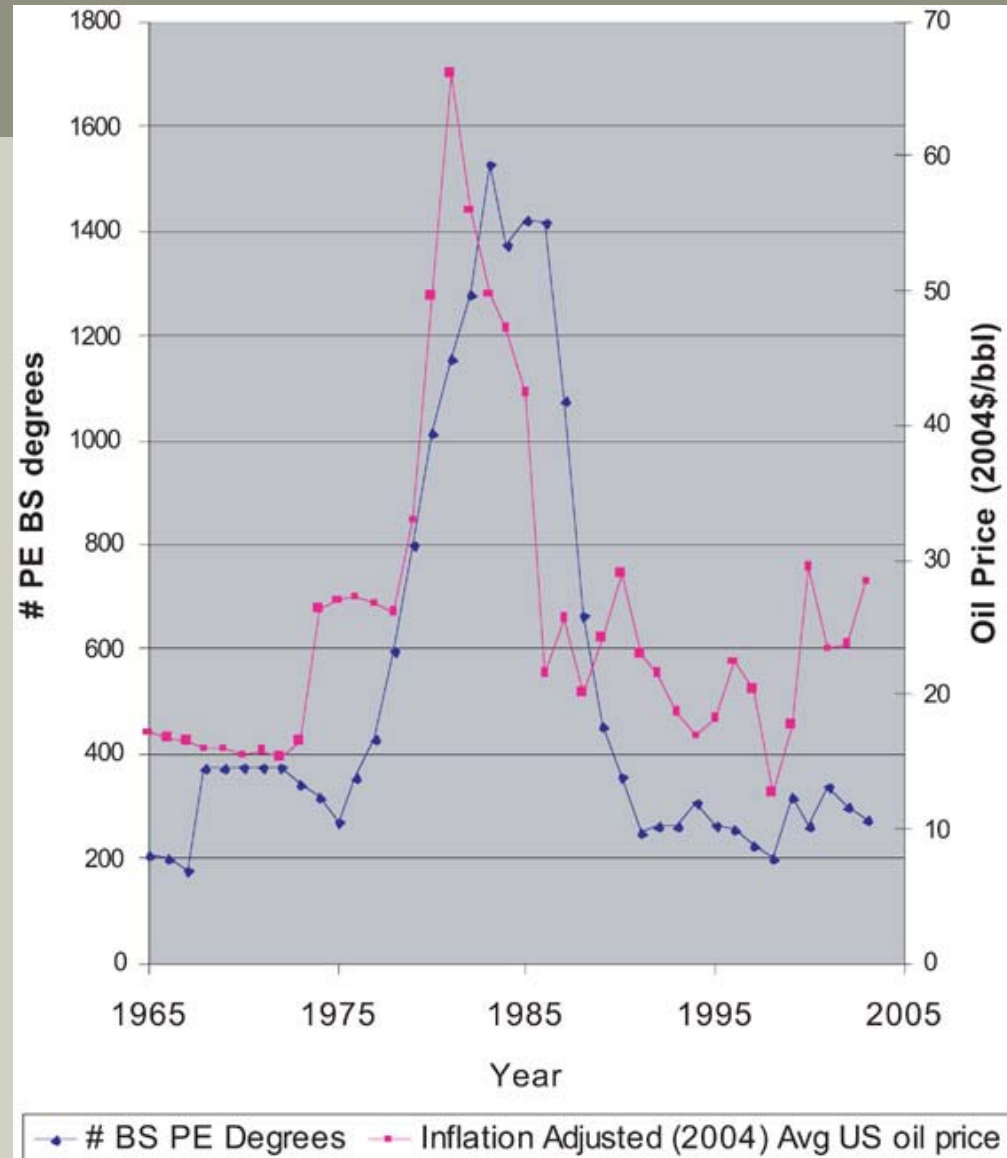


The Short Supply of Technical Talent

- More than 50% of workers for oil companies and their contractors will retire in the next 5-10 years (Booz Allen Hamilton)
- Average age of “working members” in SPE is >50, with 70% of technical staff between the ages of 41-65
- The number of petroleum engineering diplomas awarded in 2002 was one-quarter the number awarded annually in the 1990s (Booz Allen Hamilton)
- Perception among young graduates that oil and gas is a “sunset industry”. Department of Labor states that in the U.S., industry employment is expected to decline by 6 percent through 2014

Reasons for the Shortfall

- Current challenge of other industries
- Industry cycles cause a lack of employment confidence
- Increased company and investor focus on short-term performance
- Lifestyle, as most activity is taking place in remote locales



Data on the number of PE degrees awarded from Mukul Sharma, U of Texas and June 2006 *Journal of Petroleum Technology*, an SPE publication

Reasons for Hope

- The Petroleum industry offers exciting, well paid jobs with higher starting salaries for graduates with comparable training. "This doesn't have to be desk work."
- We are dedicated to one of the most difficult and urgent problems facing humanity today.
- The industry is in a cycle that appears to be of a possible longer term.
- Industry opportunities are a bit more visible now.
- Much greater international workforce.

But a continued challenge.

In Summary

- Like you, our people are our most significant asset and number one priority – Zero Harm drives all our operations.
- We are in an industry that is undergoing rapid and radical change.
- We must find ways to attract the next generation of geoscientists and engineers.



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