

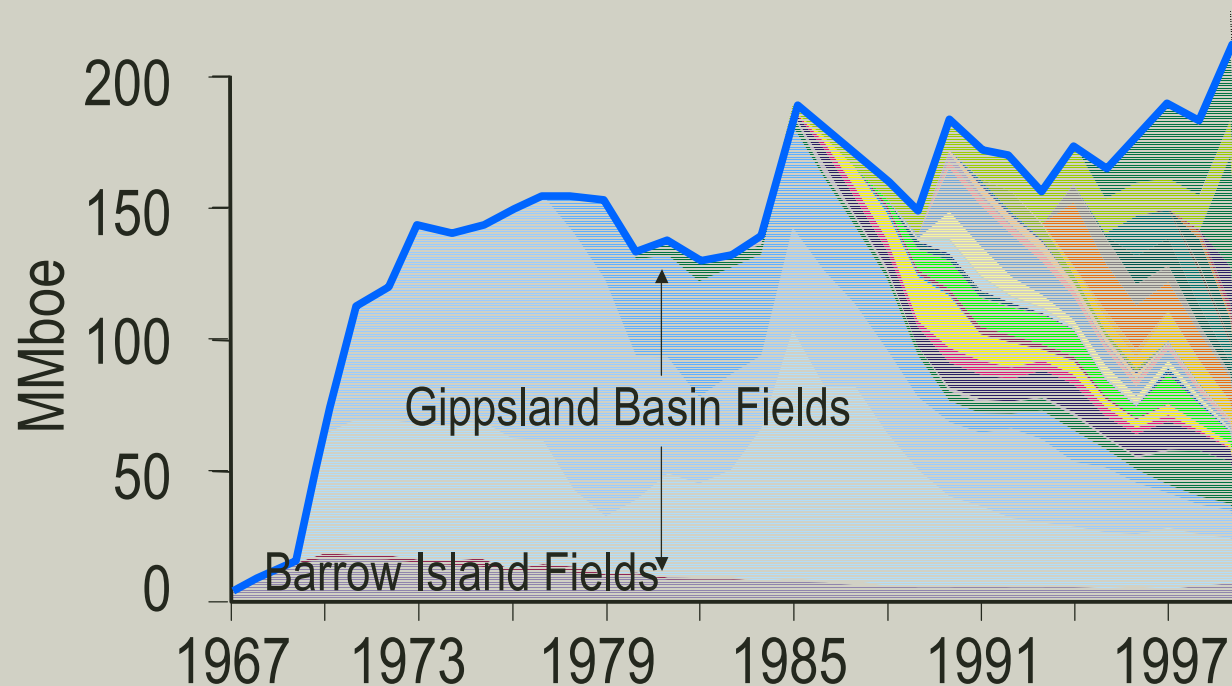
Australia – The Future for Oil and Gas

Philip Aiken
President and CEO
BHP Billiton Petroleum

Asia Pacific Petroleum Conference
Singapore, September 2003

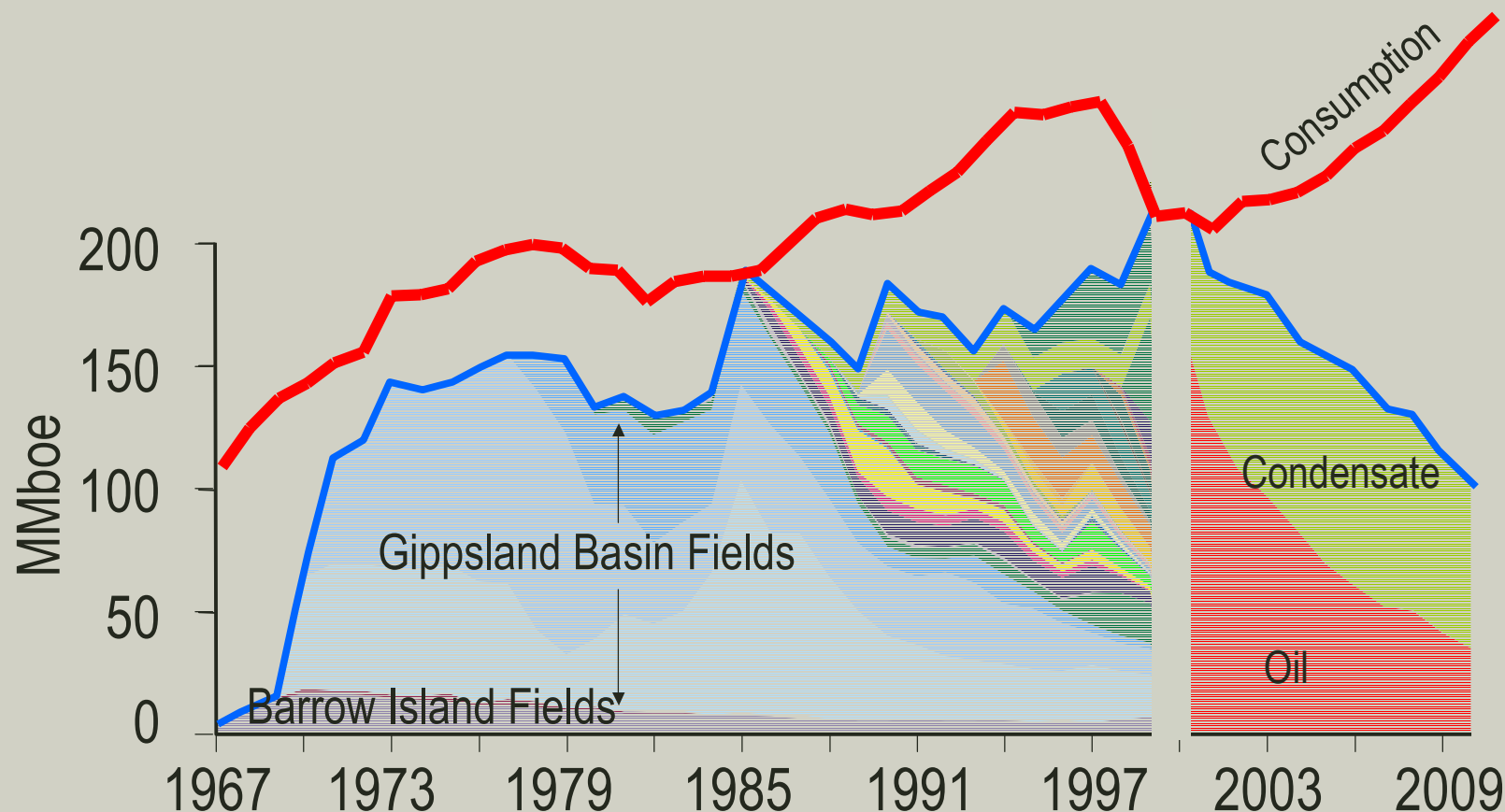


Australia – historical production



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

Australia – production vs consumption

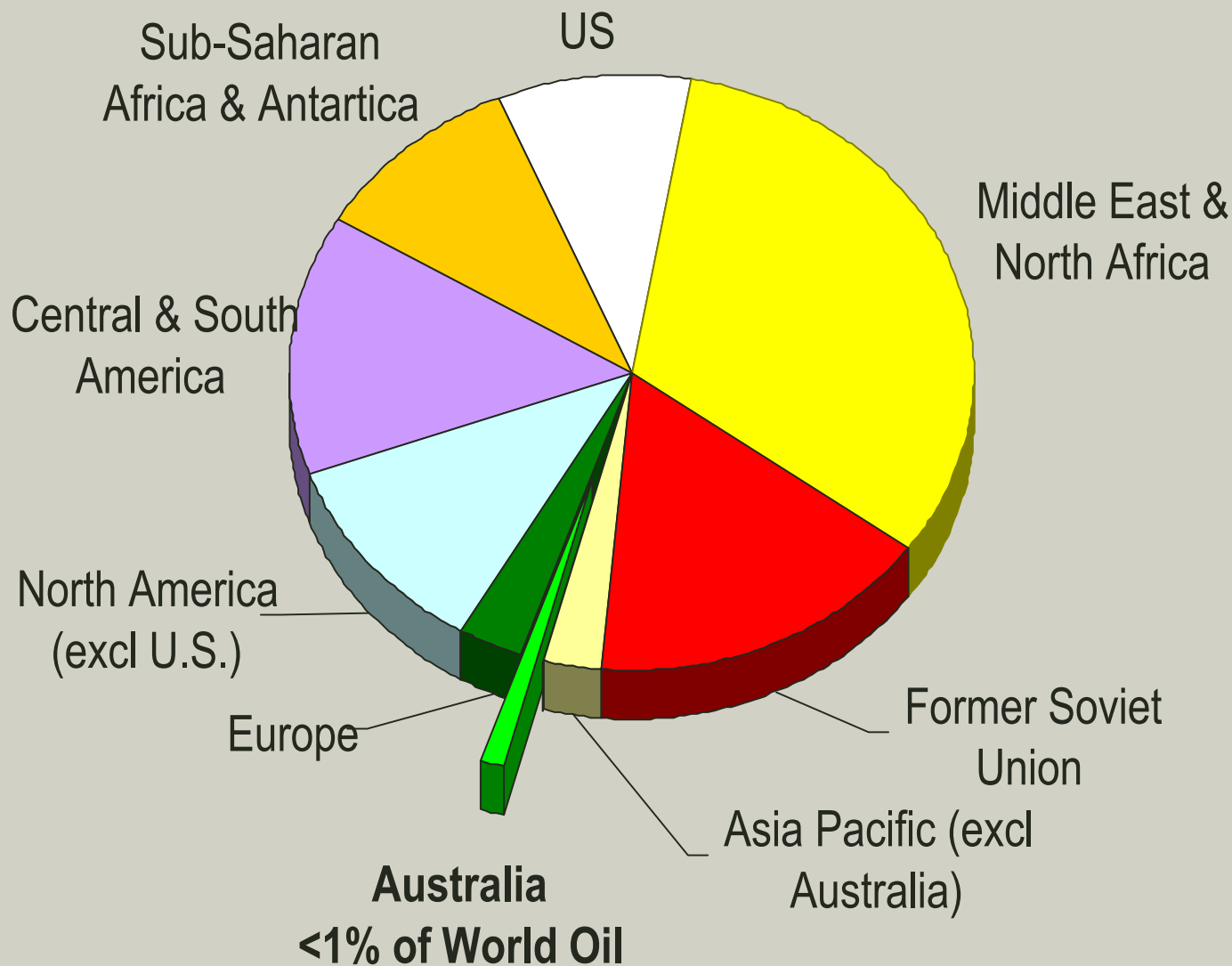


Production profiles of individual Australian fields and cumulative production forecast at 50 per cent probability derived from industry data.

Australia – some future liquids developments

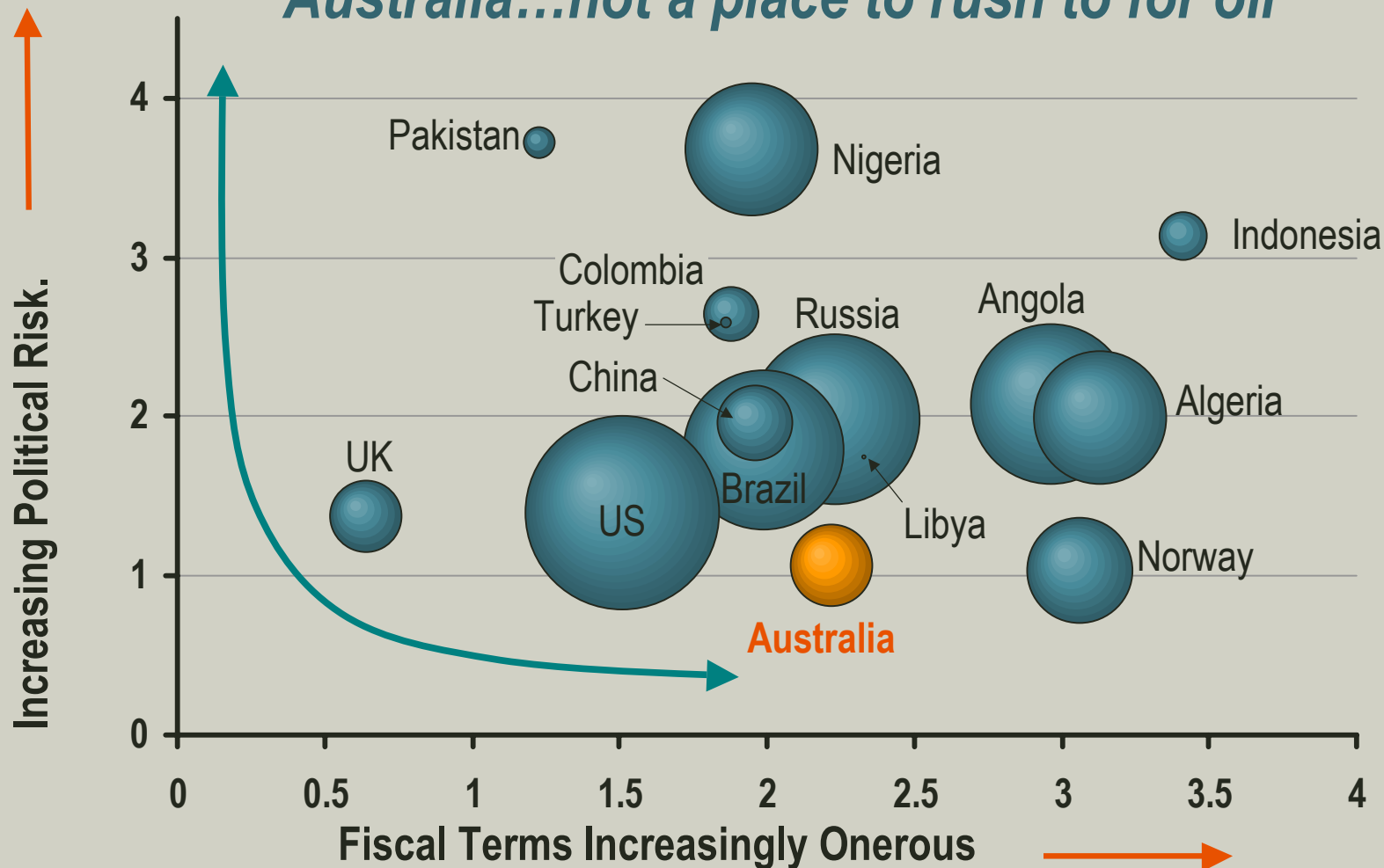
Field name	Product	Liquids reserves	Startup
Gorgon	Gas/condensate	316 MMbbl	2009
Mutineer/Exeter	Oil & Gas	120 MMbbl	2006
Stybarrow	Oil & Gas	Appraisal	2006
Enfield	Oil & Gas	43 MMbbl	2005
Cliff Head	Oil	25 MMbbl	2005
Yolla	Gas/condensate	24.5 MMbbl	2004
Kipper	Oil & Gas	13 MMbbl	2006
Egret	Oil	11 MMbbl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

Global Prospectivity – world undiscovered oil

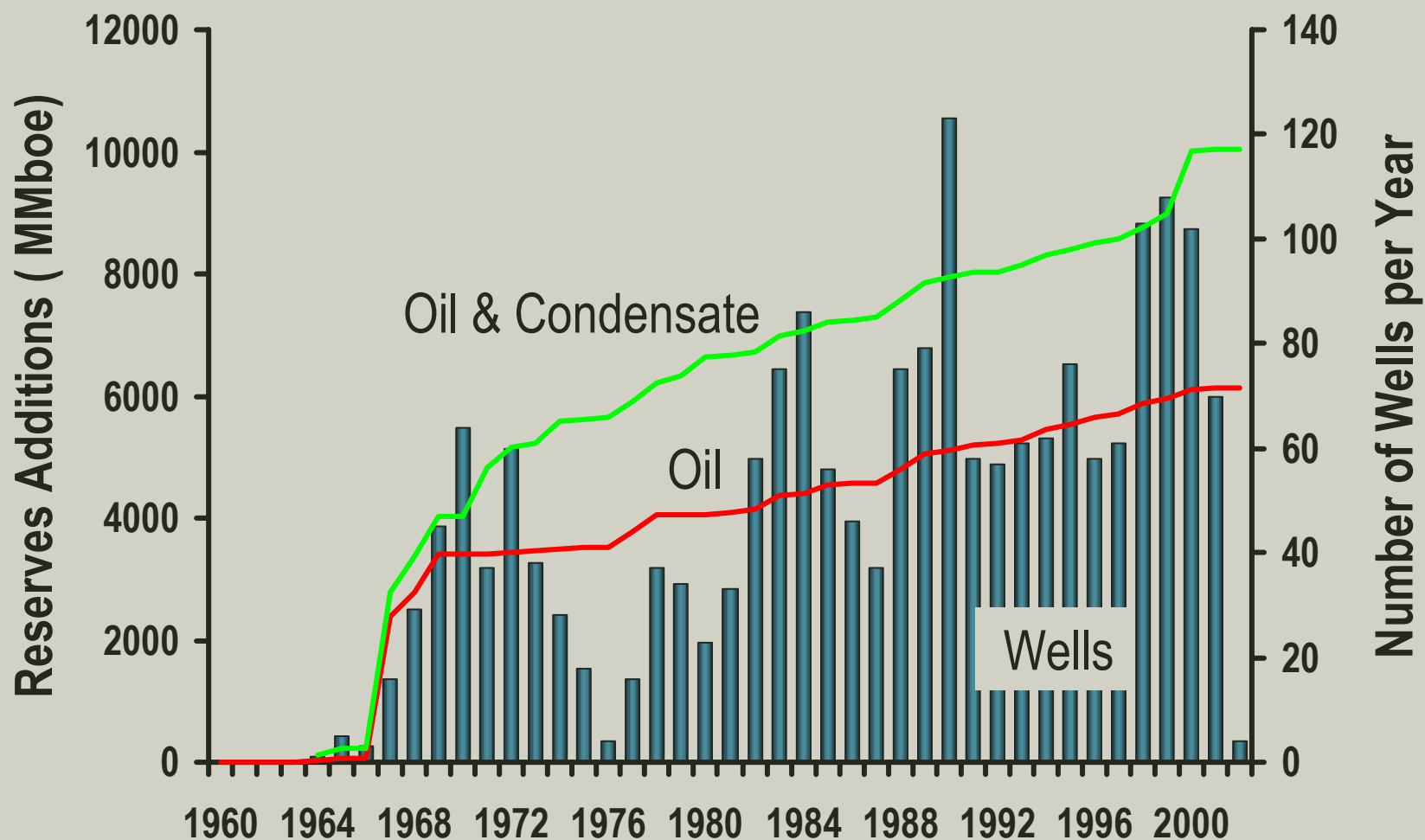


Global Materiality

Australia...not a place to rush to for oil

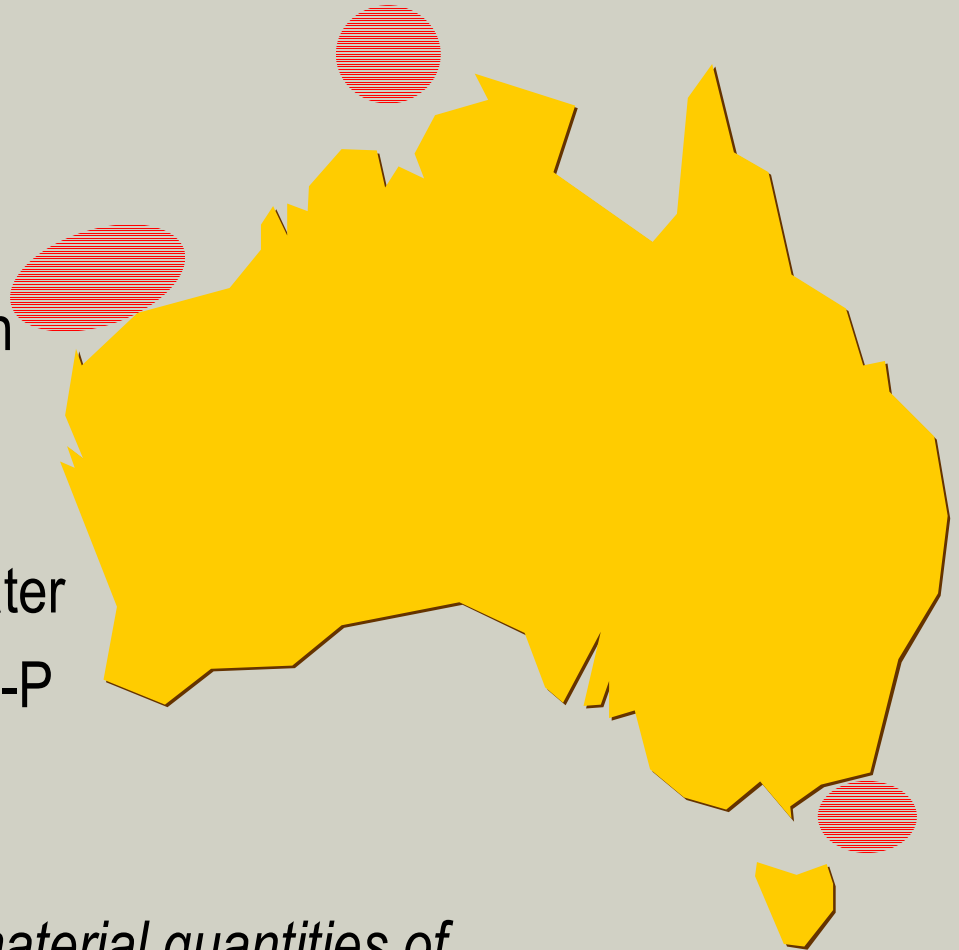


Australia – maturity in shallow waters



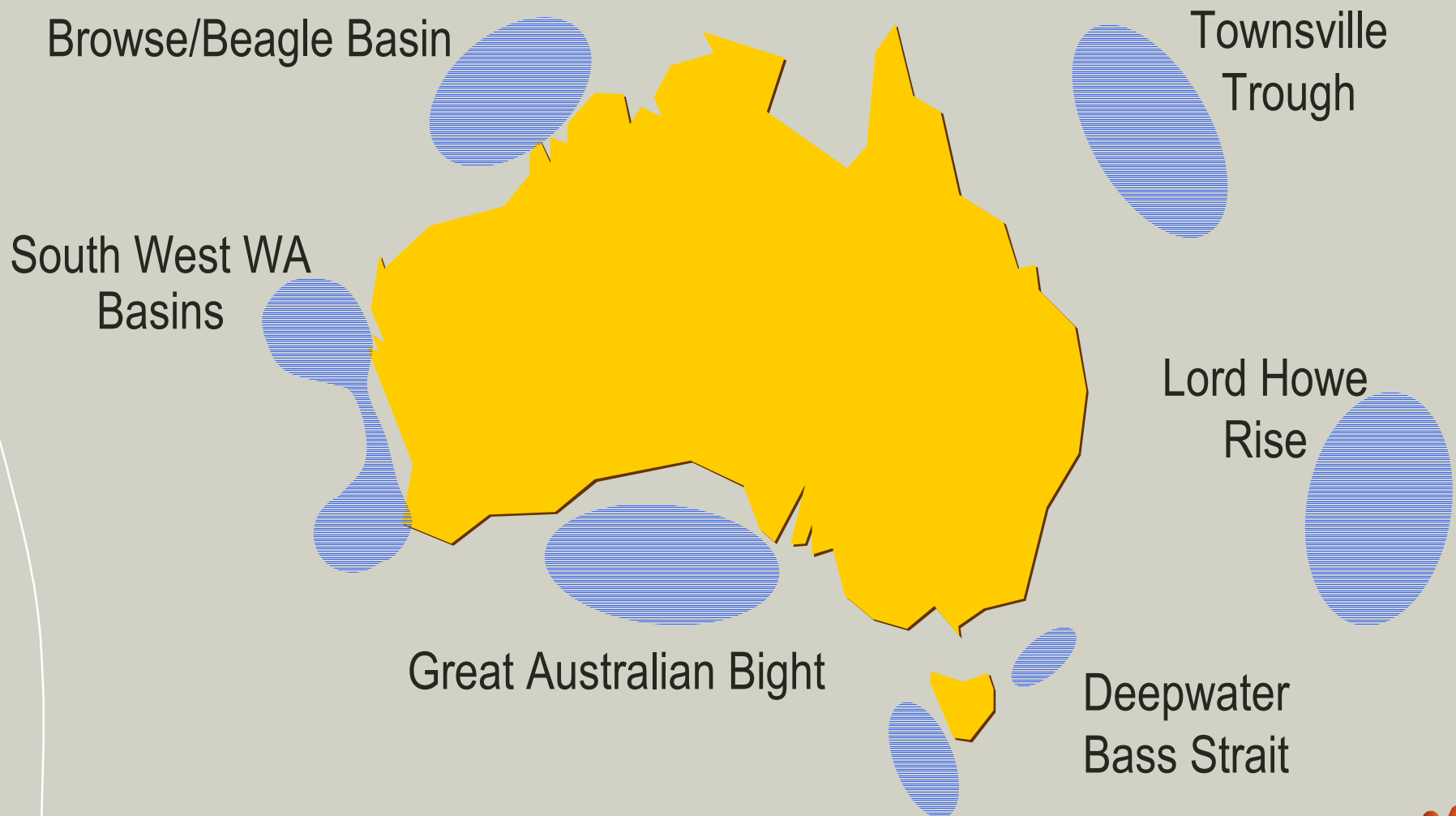
Australia – activity in maturing areas

- 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



Australia – oil

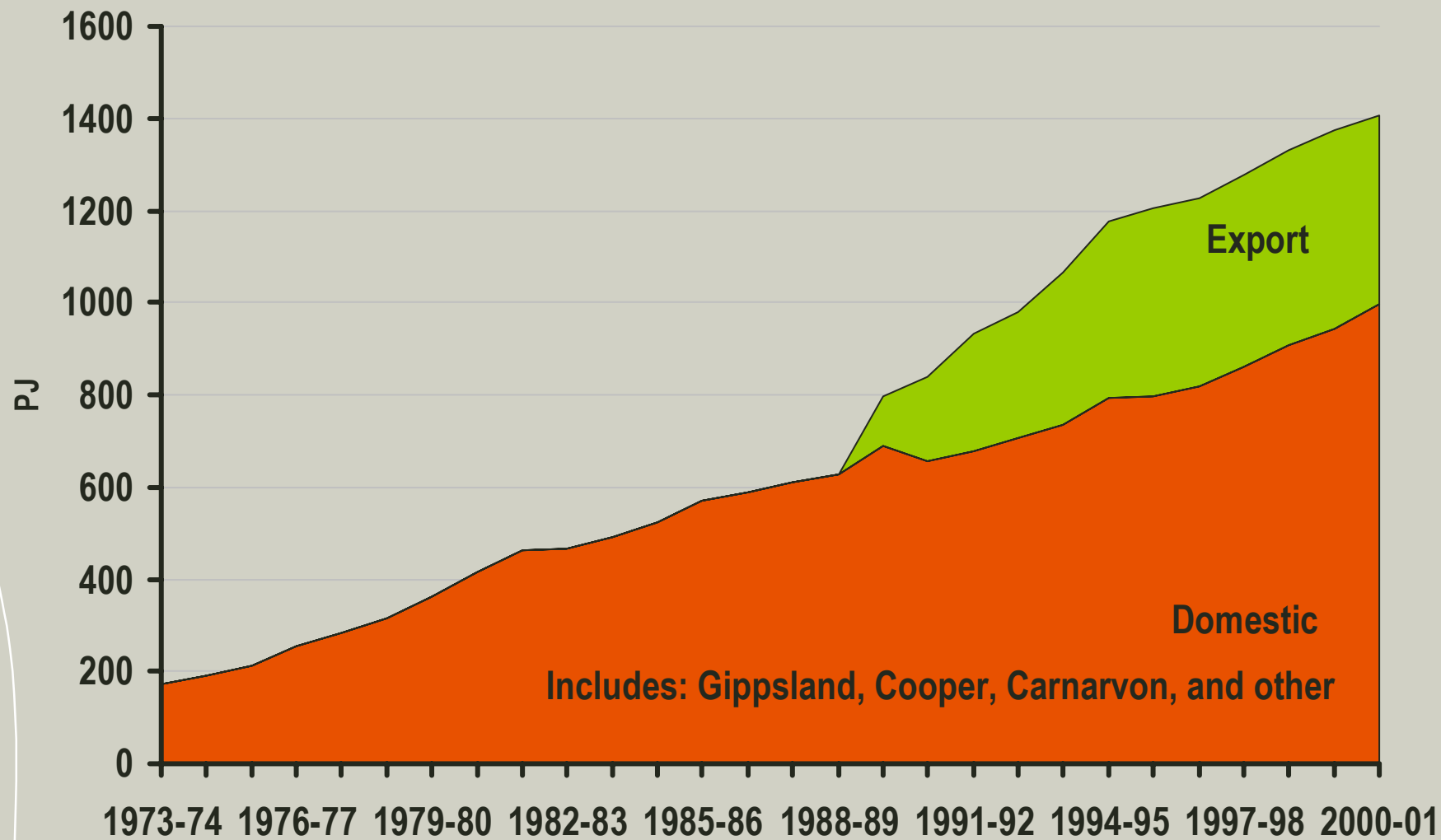
Trends in industry:

- 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:

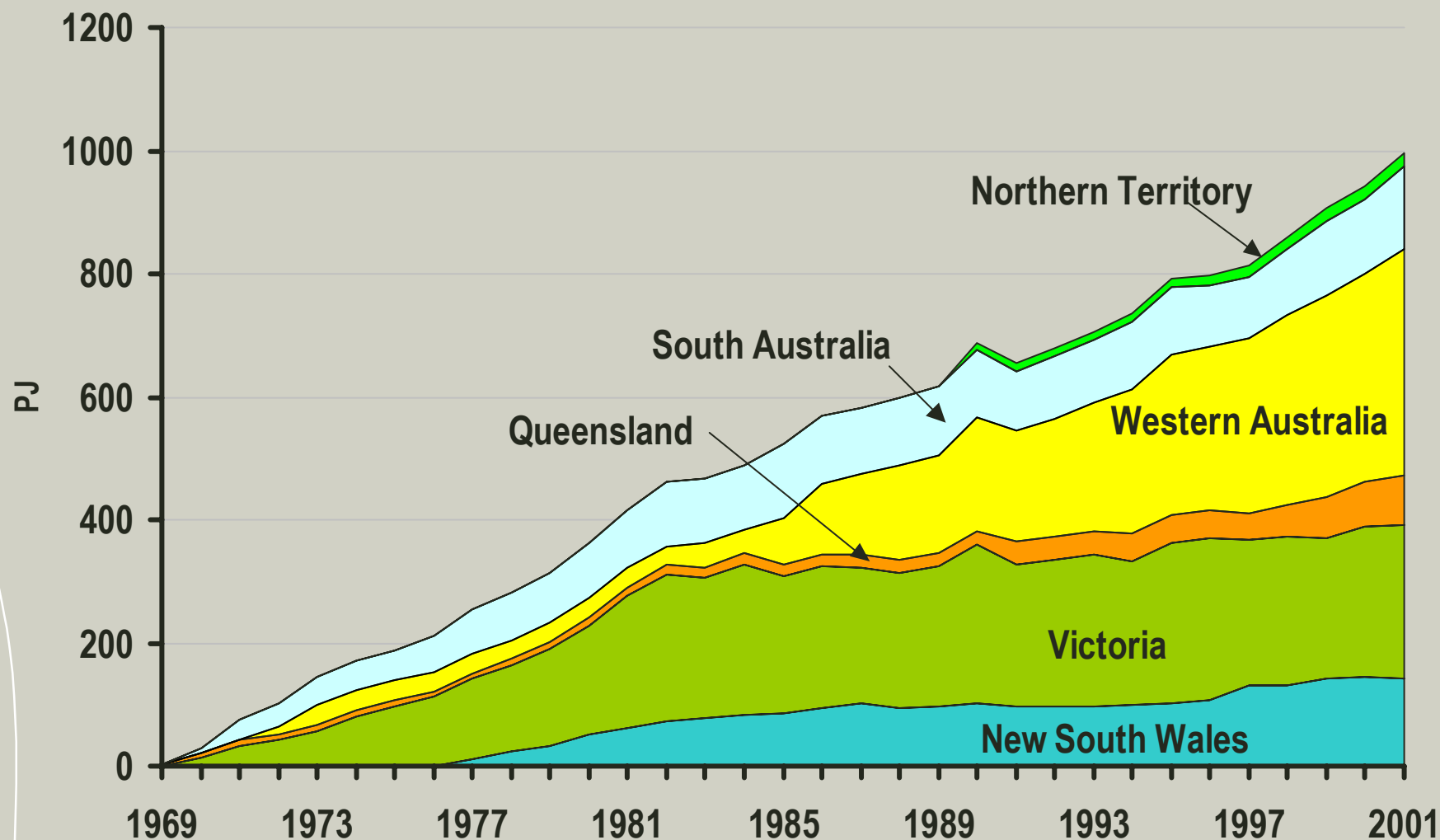
- Funding for technical data
- Review of fiscal terms

Australia – history of gas production



Source: AGA

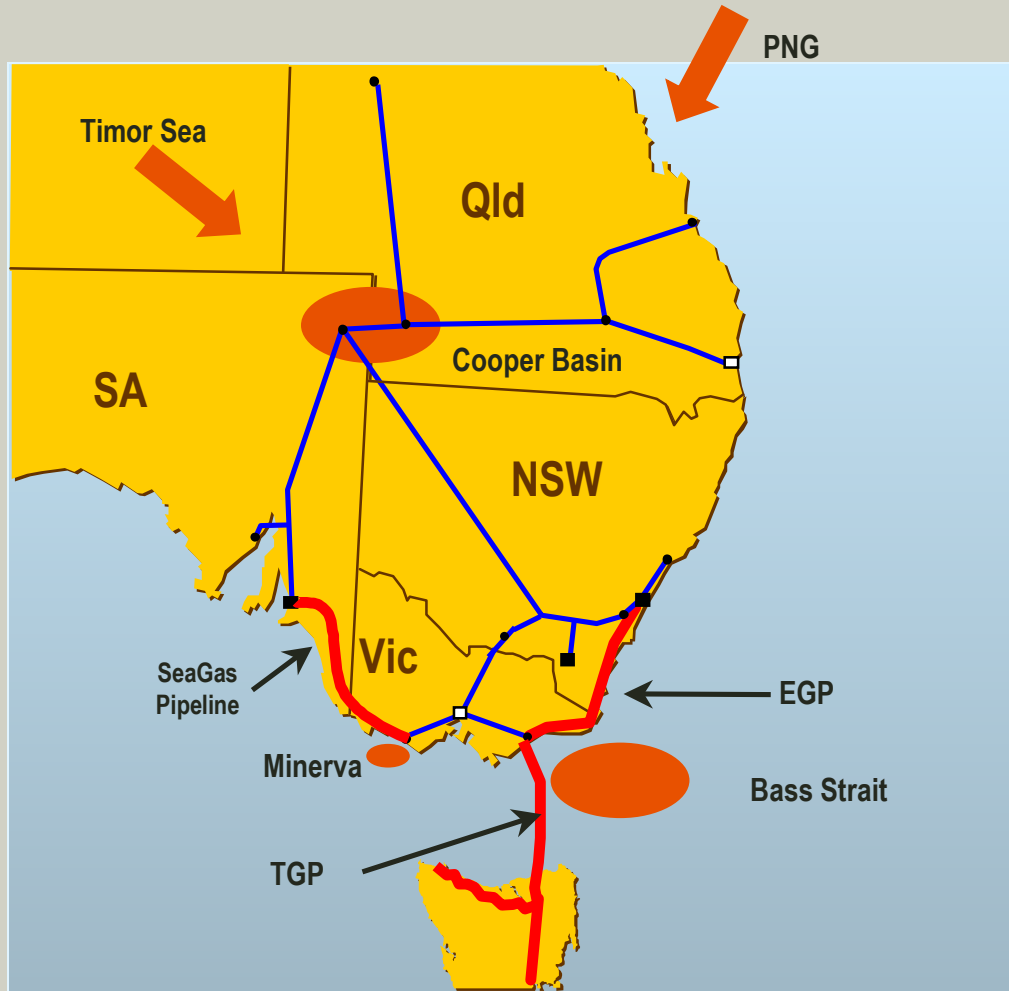
Gas consumption by State*



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

** Includes ACT. Source: AGA

Australia – progressive inter-linking of markets



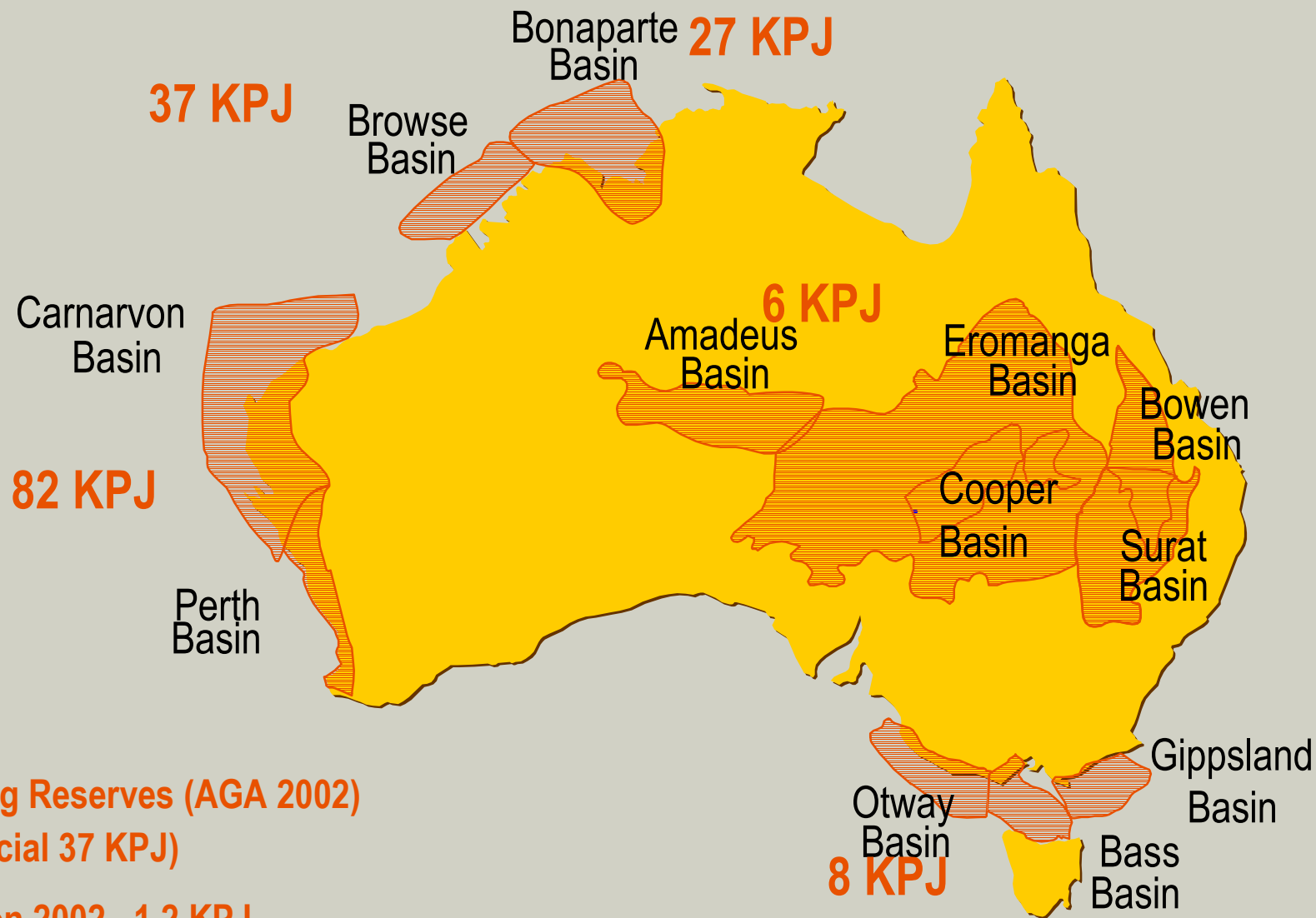
- 10 Years Ago
 - Bass Strait gas sold in Victoria
 - Cooper Basin sold in NSW & South Australia
- Now
 - Eastern Gas Pipeline
 - Tasmania supply - July 2002
 - South Australia pipeline to be completed by 2004
 - Other interconnection proposals
 - Timor Sea & PNG discussion

Australia – domestic gas

Trends in industry:

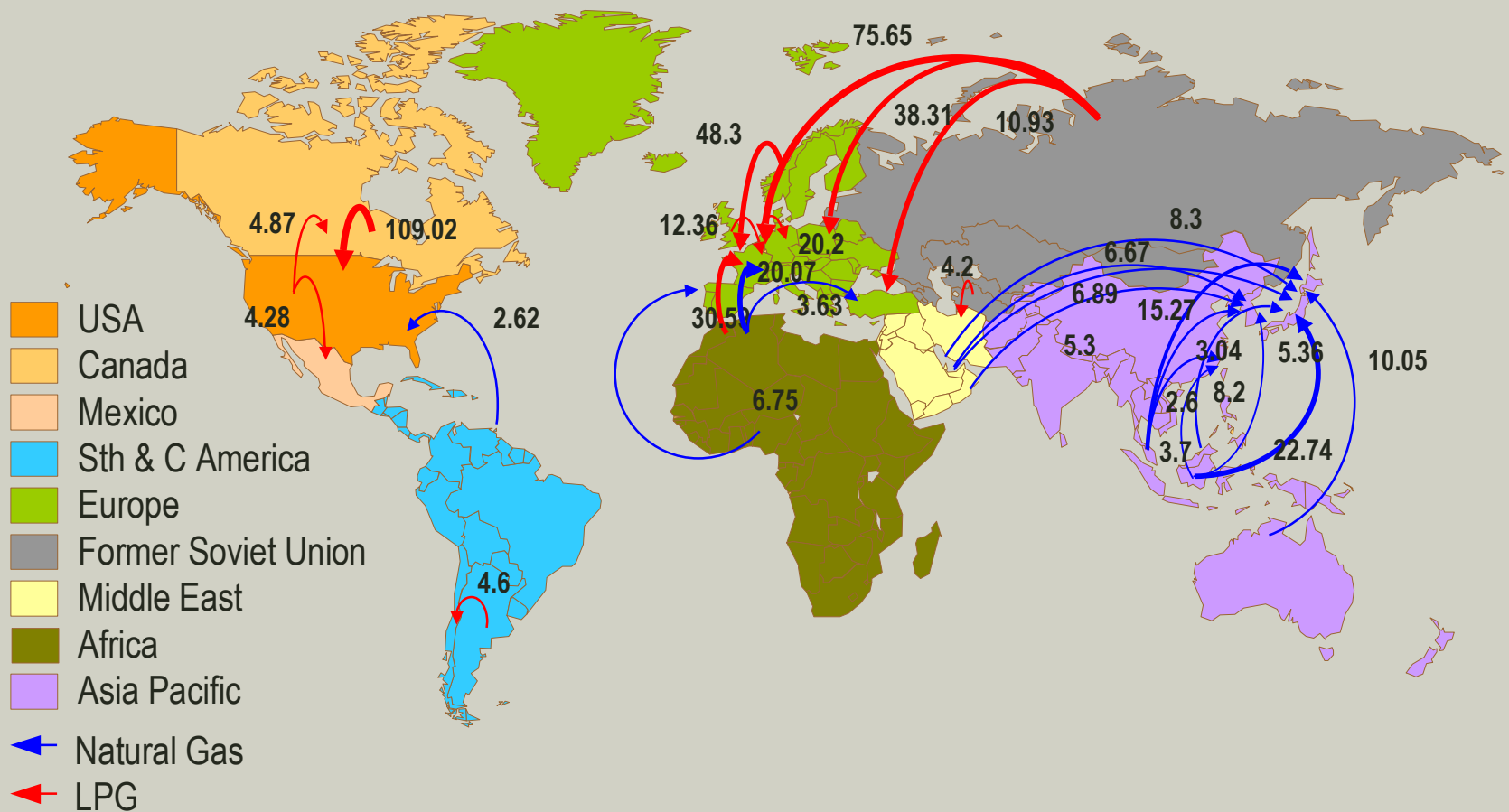
- Continuing increase in number of upstream suppliers
- New gas supply source likely to be required for SE Aust. ~ 2010/15
 - Including necessary transmission pipeline investment
- Gas pipeline network growing without Govt. sponsorship/incentives
- Emerging role of coal bed methane
 - Level of ongoing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

Australia – gas resources



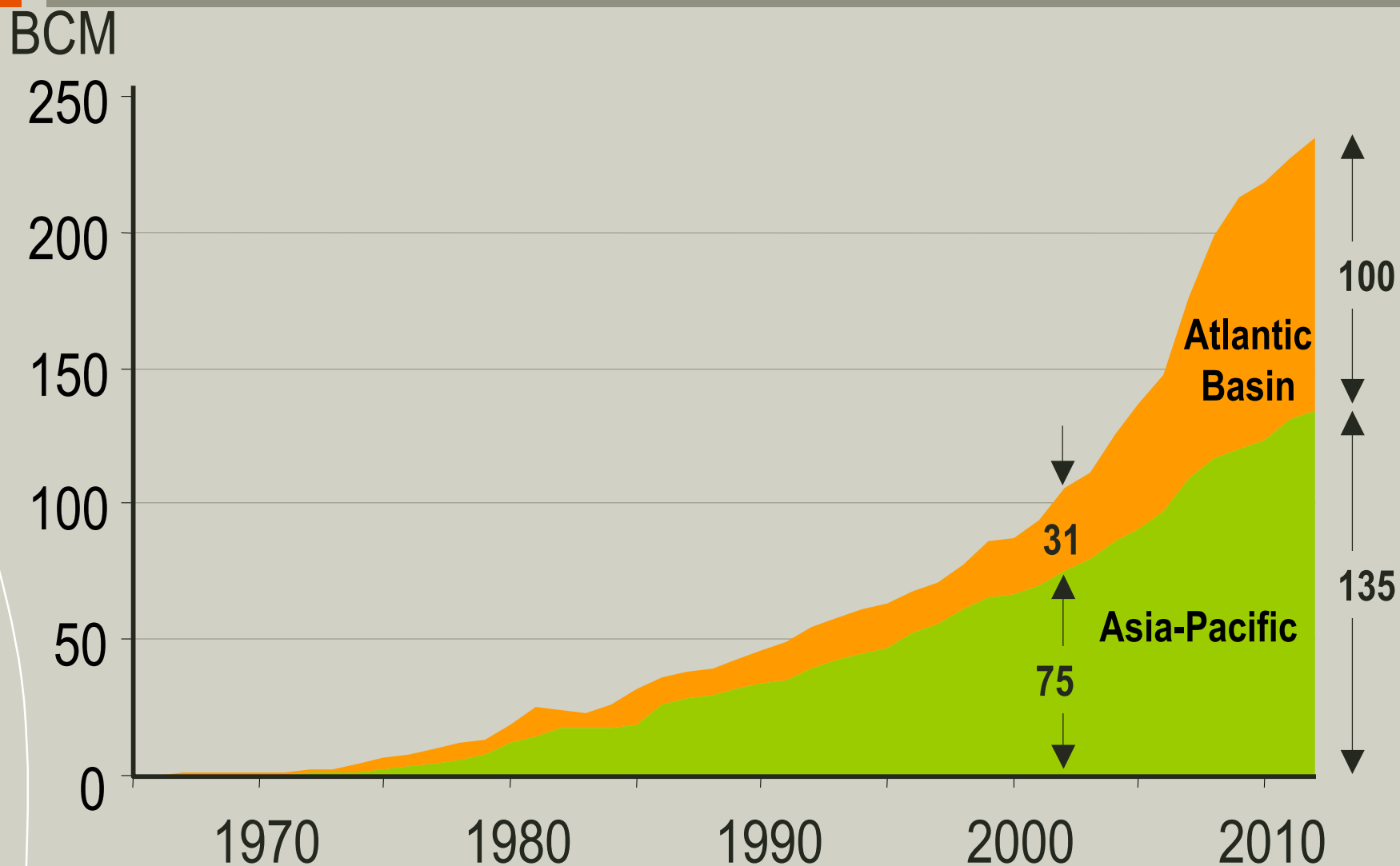
Major Gas Trade Movements

Trade flows (billion cubic metres)



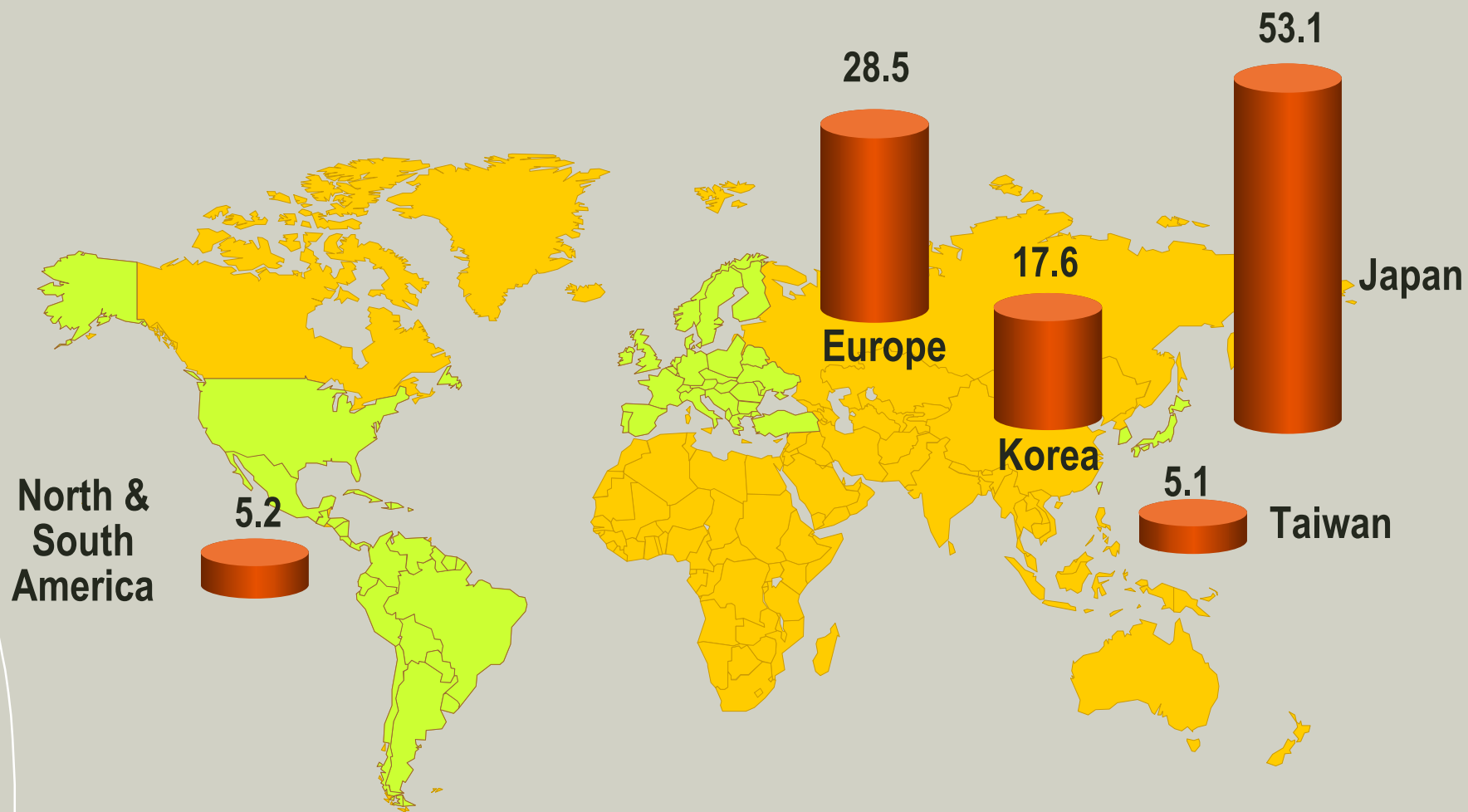
Source: BP Statistical Review of World Energy 2002

LNG – continues to grow



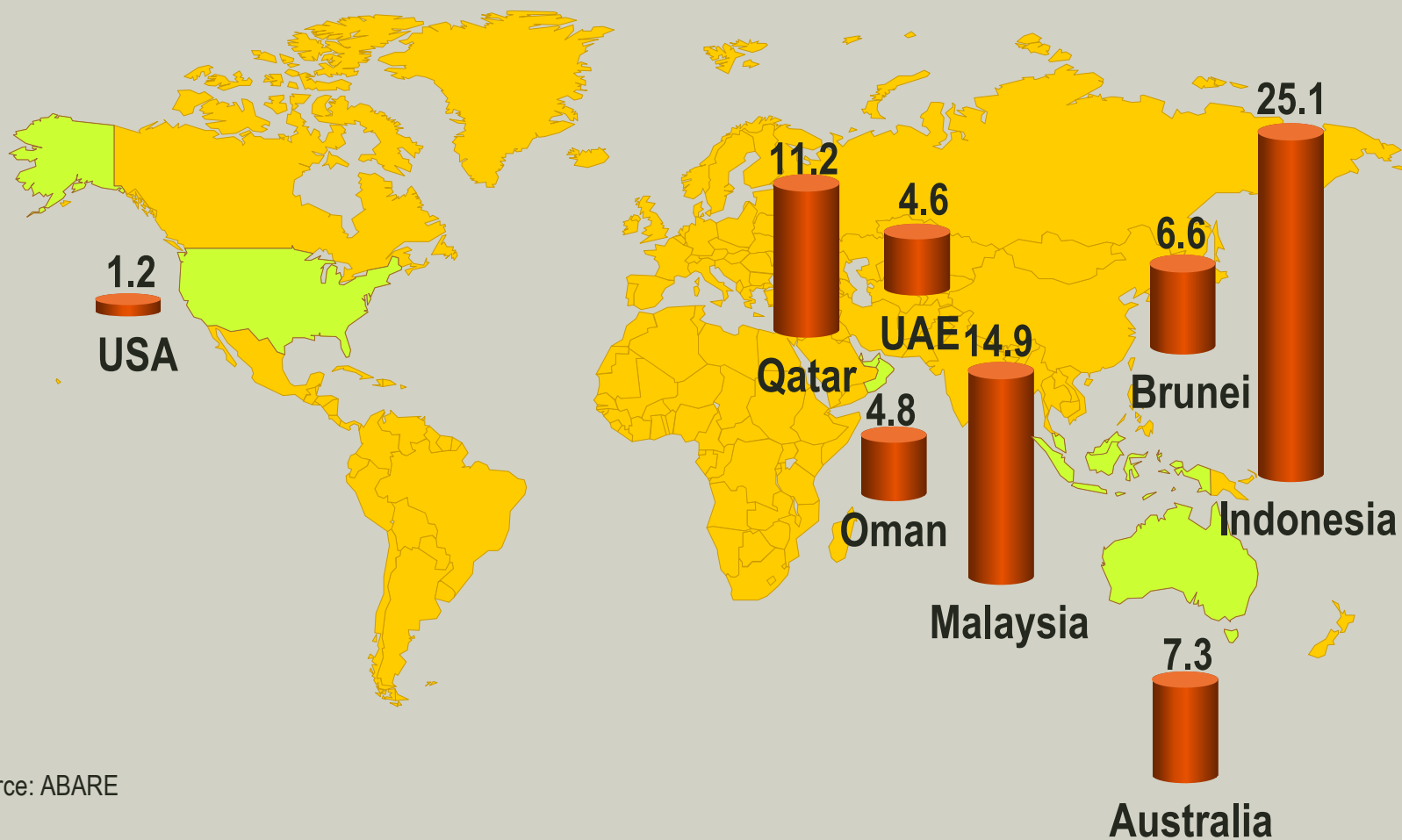
Source: Poten Partners

LNG – world imports, 2002 (million tonnes)



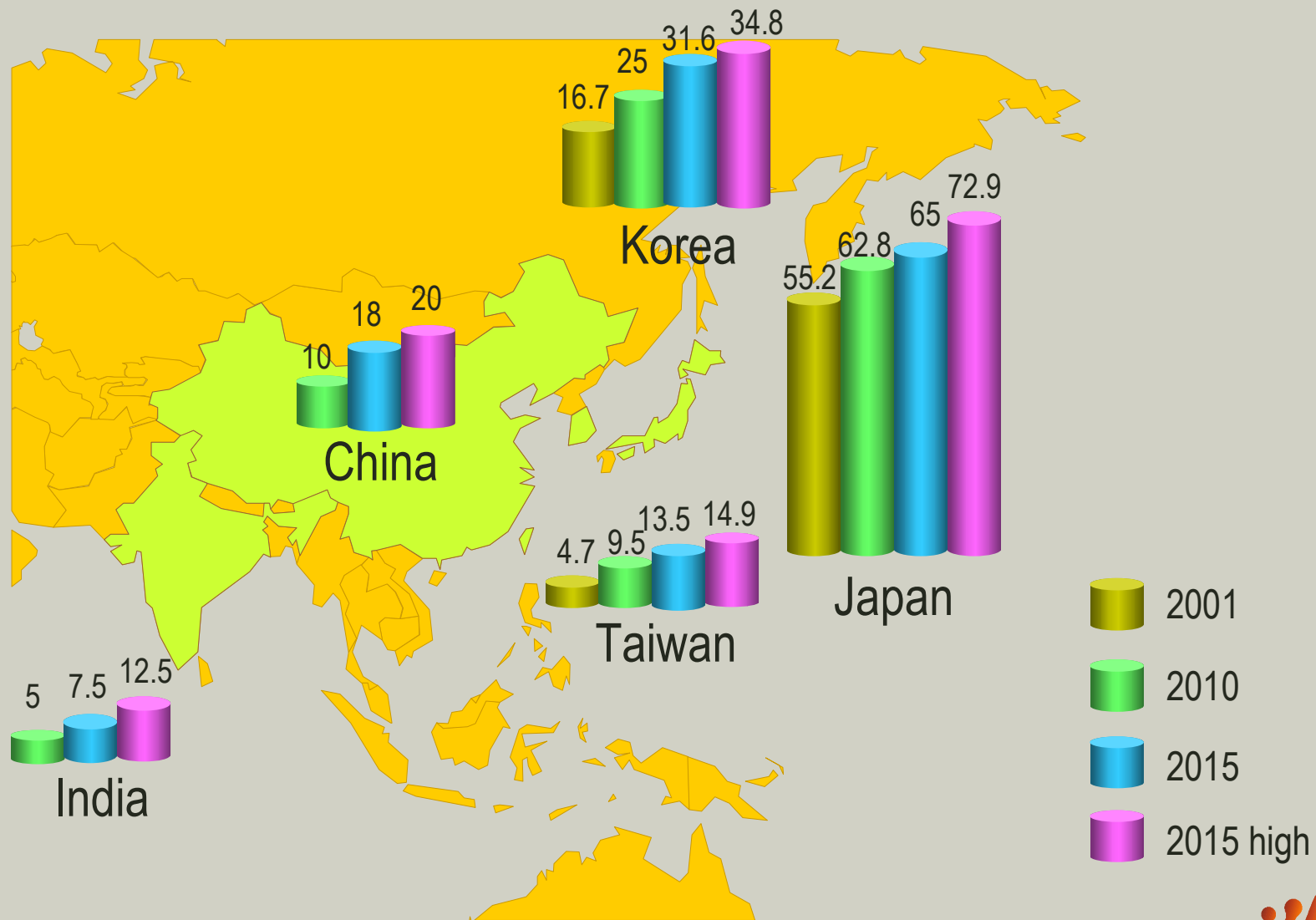
Source: ABARE

LNG – supply to Asia, 2002 (million tonnes)



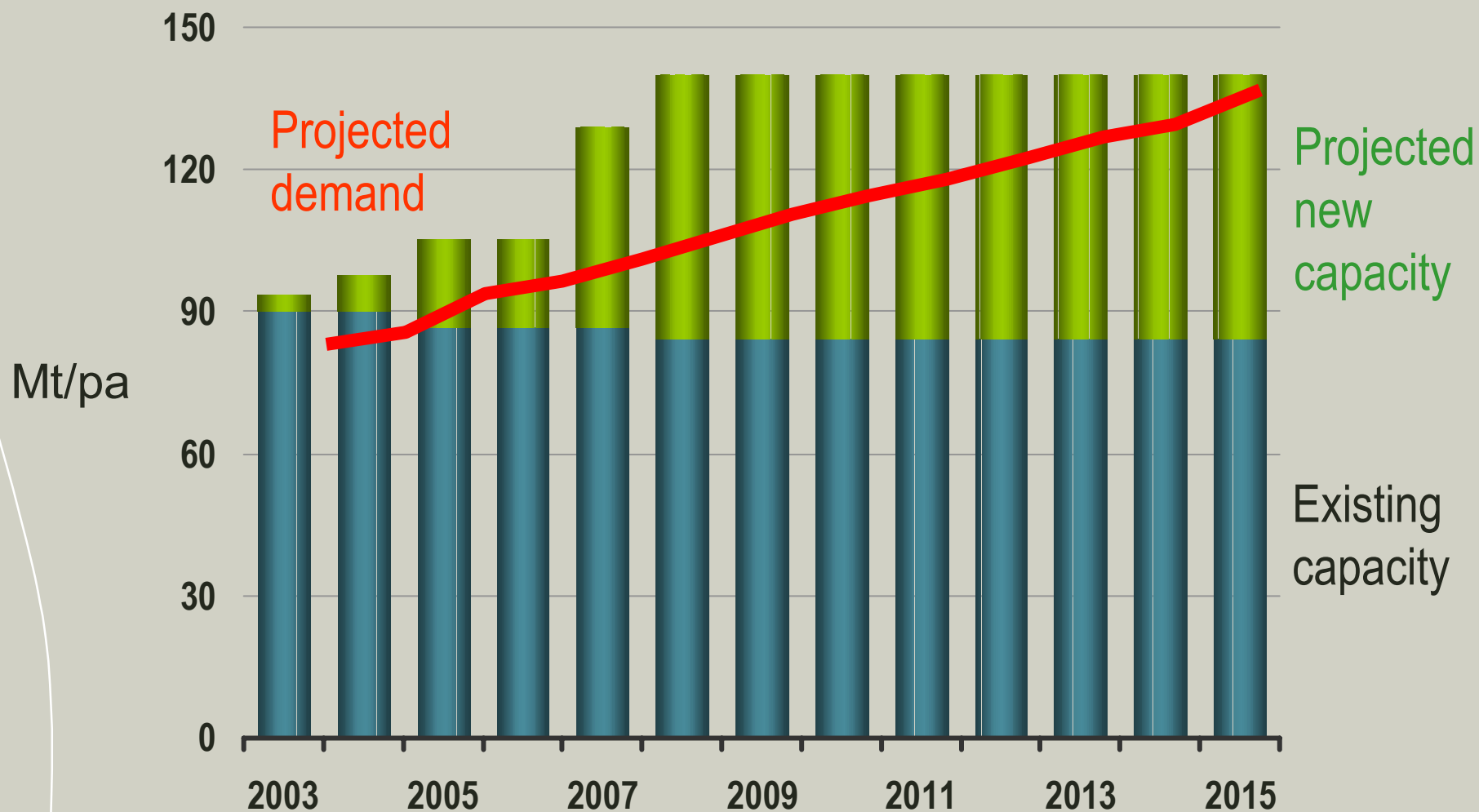
Source: ABARE

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