

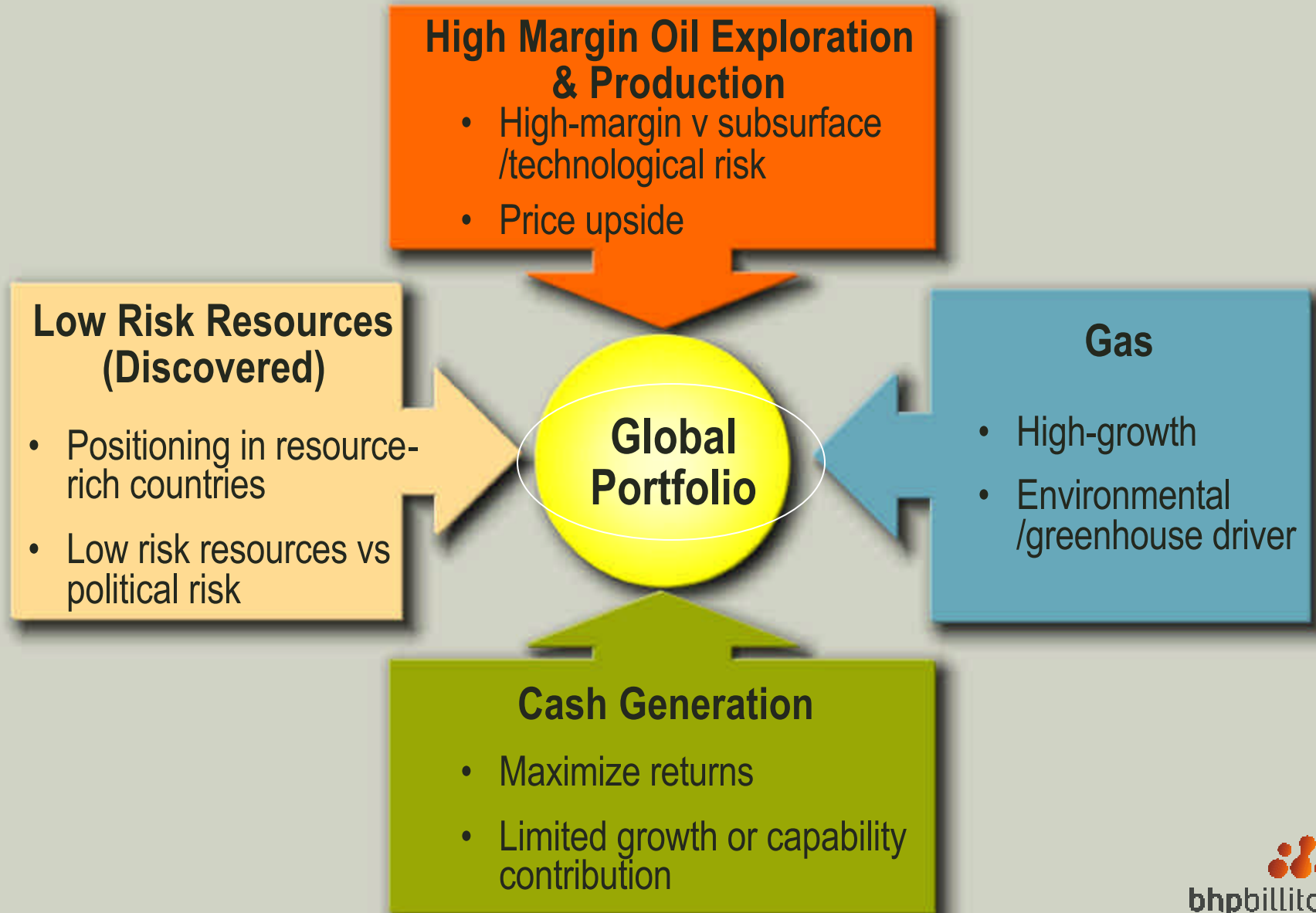
# Eastern Australian Gas

Mike Weill – BHP Billiton Petroleum  
President, Integrated Business Development

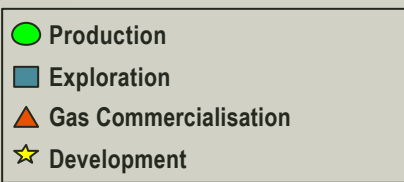
UBS Warburg Resources Conference - 8<sup>th</sup> May 2002



# Petroleum Complementary Growth Strategies



# BHPB Petroleum International Gas Activities



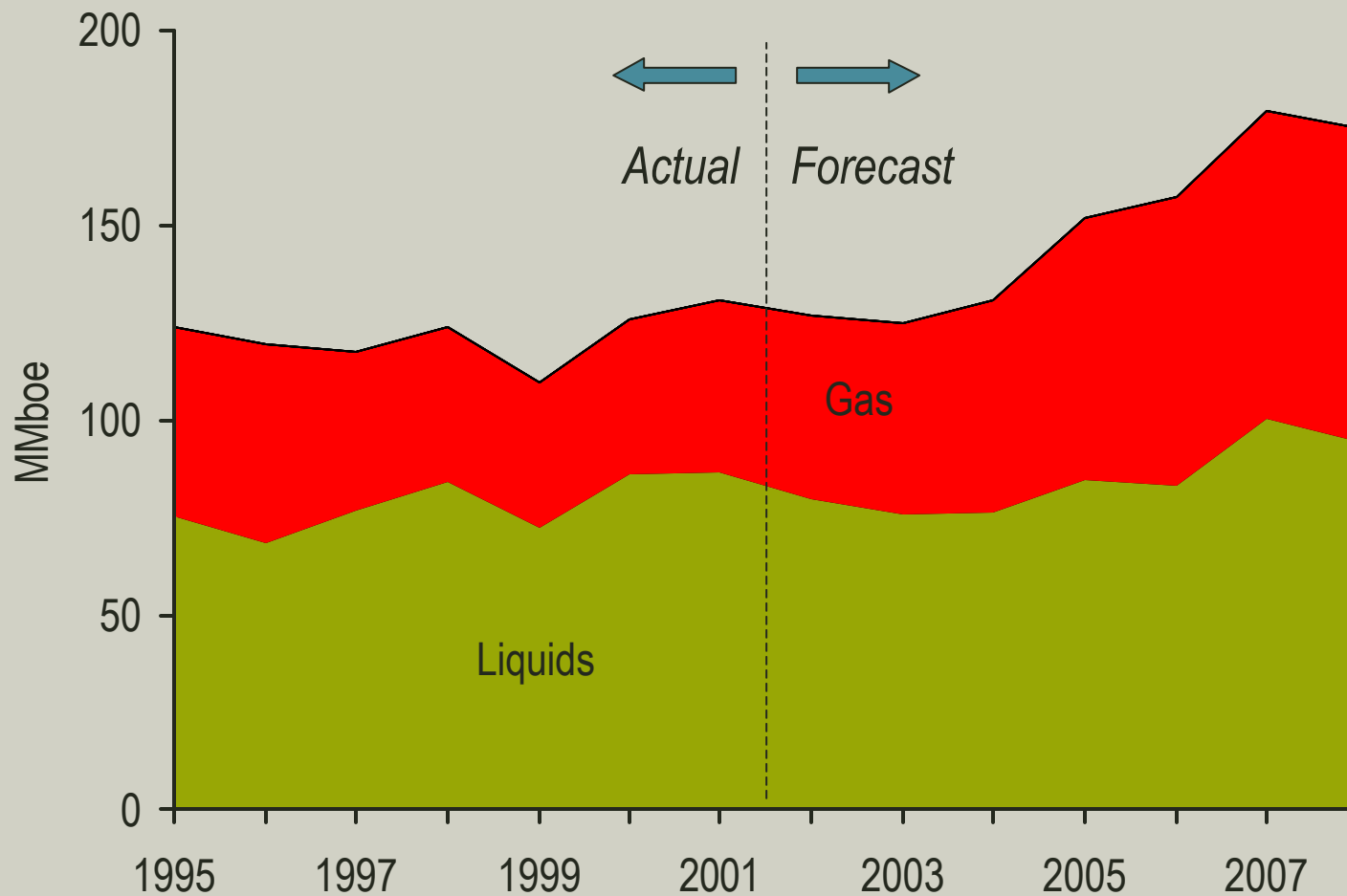
Petroleum – Eastern Gas

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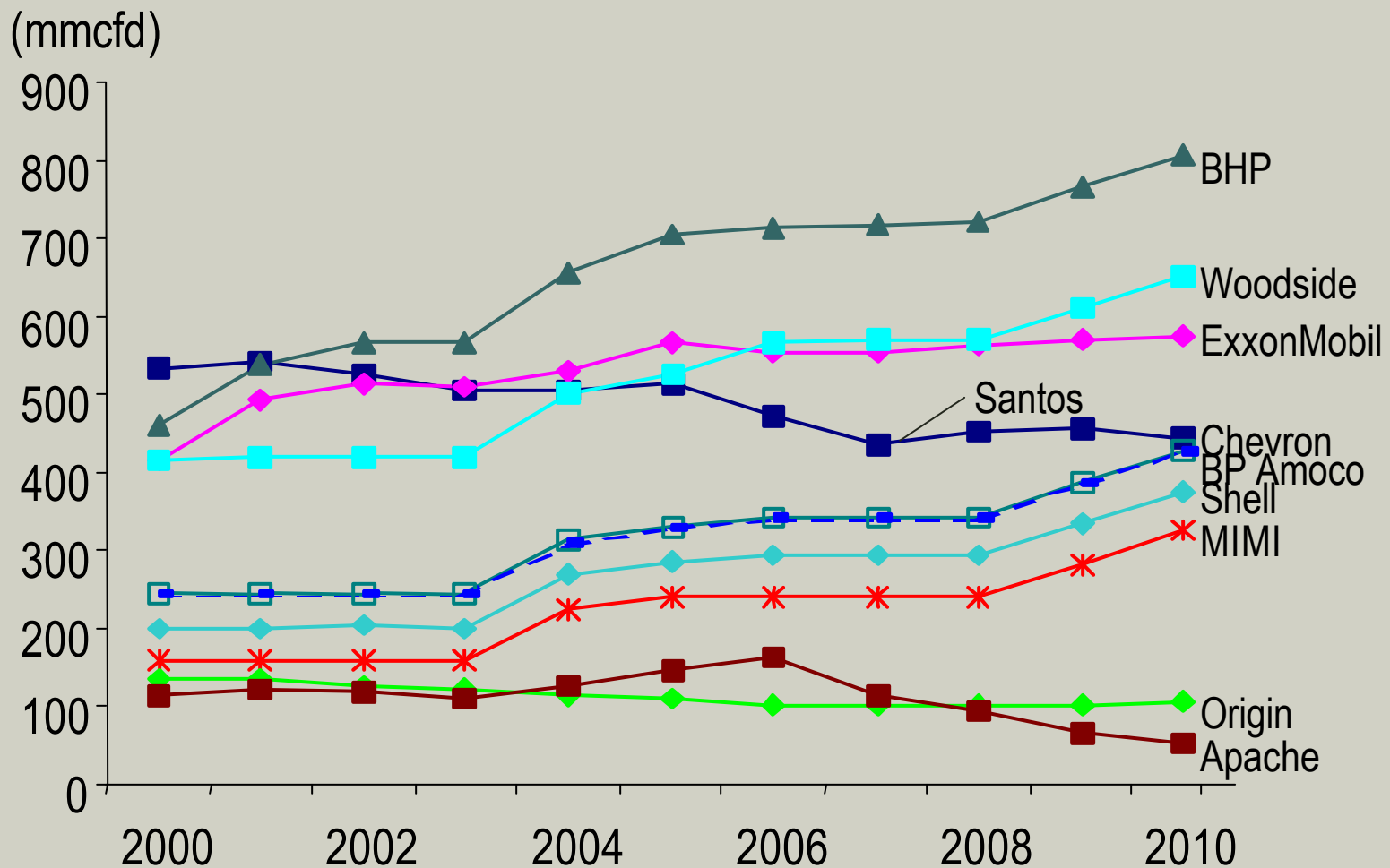
# Gas : A Growing Business for BHPB

## Petroleum Production Forecast

Sept 2001



# Australia's Top Ten Upstream Gas Producers (including LNG)



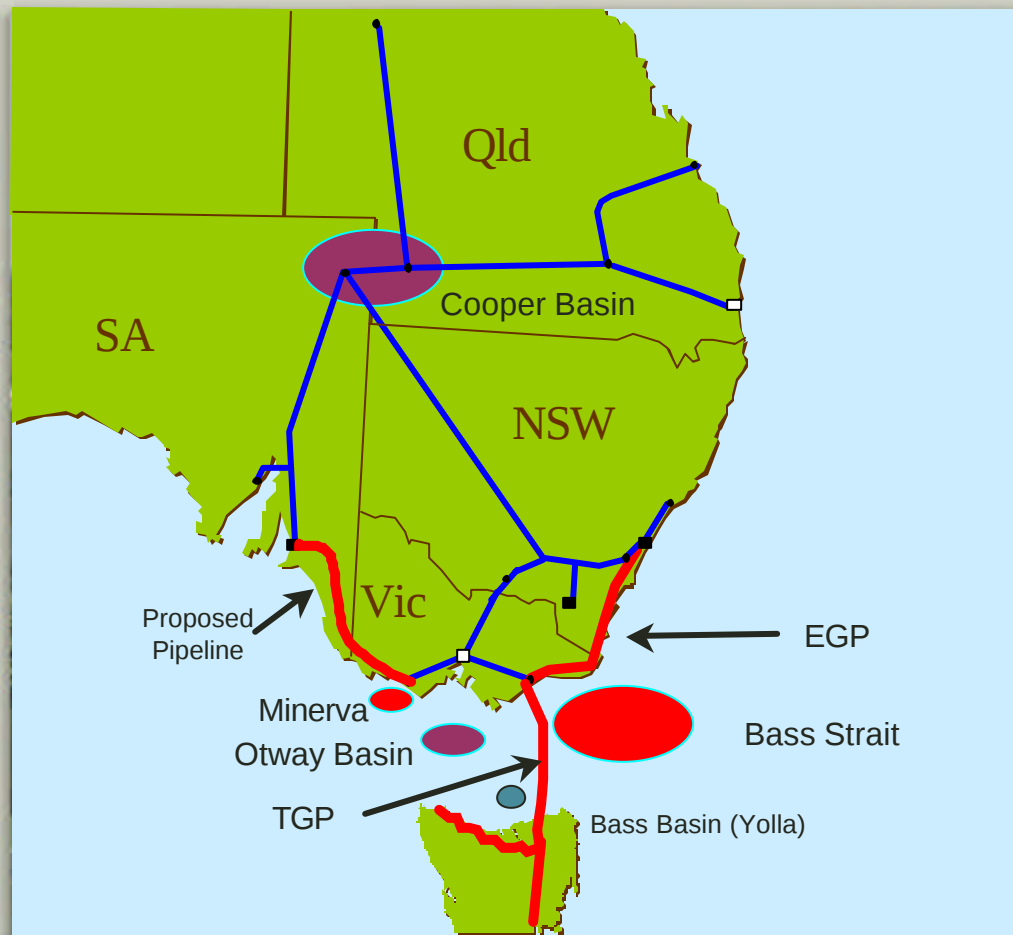
Source: Wood Mackenzie

## BHPB Petroleum : Recent Australian Highlights

- Gas Deal to NSW signed. Gas flowed on EGP Sep 2000
- North West Shelf LNG 4<sup>th</sup> train expansion approved and supporting sales agreements progressed  
(Total Cost A\$2.4 billion – BHPB share A\$400M)
- Bass Strait Bream pipeline approved  
(Total Cost - A\$ 200M, BHPB share - A\$100M)
- Bass Strait seismic / exploration programme (BHPB share A\$25M)
- North West Shelf - Methanex Gas Sale Agreement completed
- Gas deal to Tasmania signed. Gas flows in July 2002
- Minerva gas development in Otway basin approved subject to customer condition precedent.

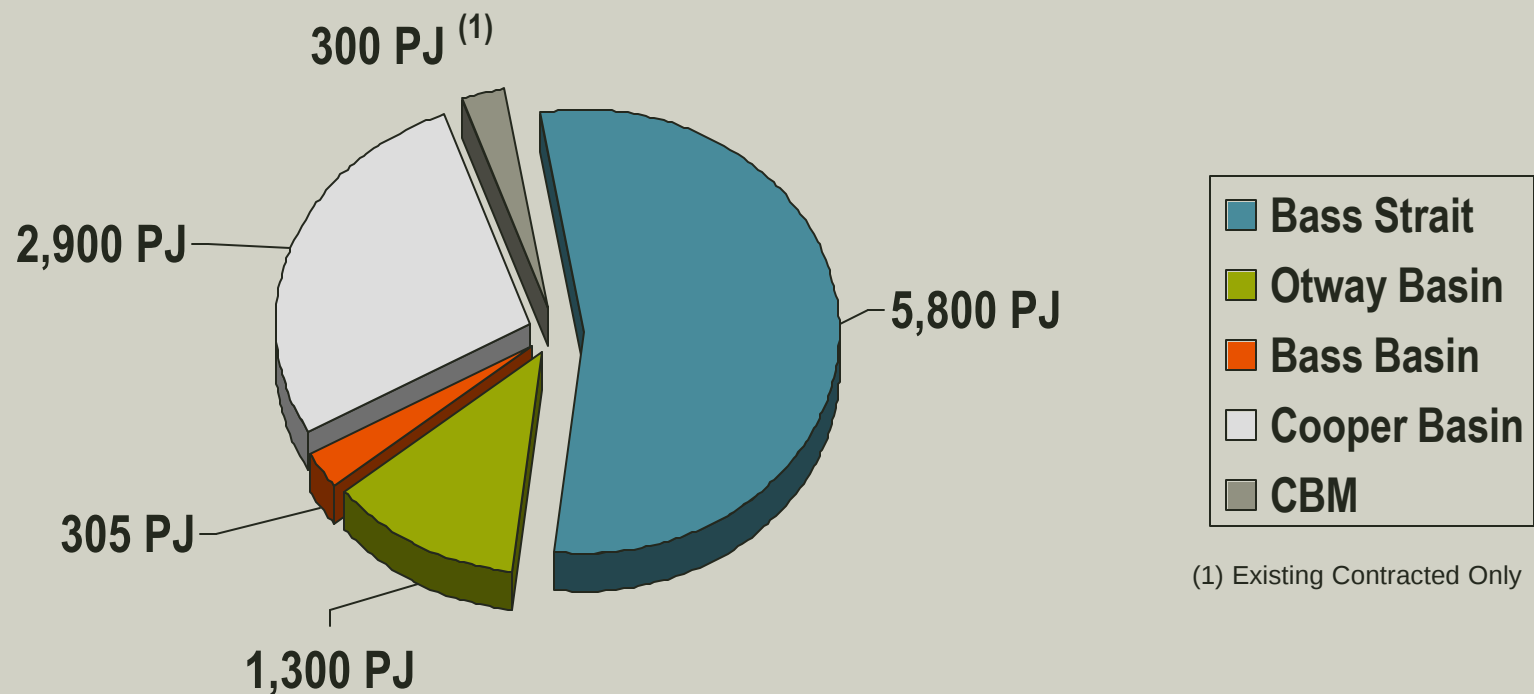
# Eastern Australian Market

# SE Australian Gas Market



- Industry deregulation has been positive for upstream gas development
- BHPB has been instrumental in bringing about the interconnection of major demand centres
  - EGP
  - TGP
  - SA pipeline
- Increased exploration fuelled by recent discoveries offshore
- Developments proposed for Yolla, Patricia/Baleen
- PNG term sheet with AGL

# Eastern Australia - Existing Reserves



(1) Existing Contracted Only

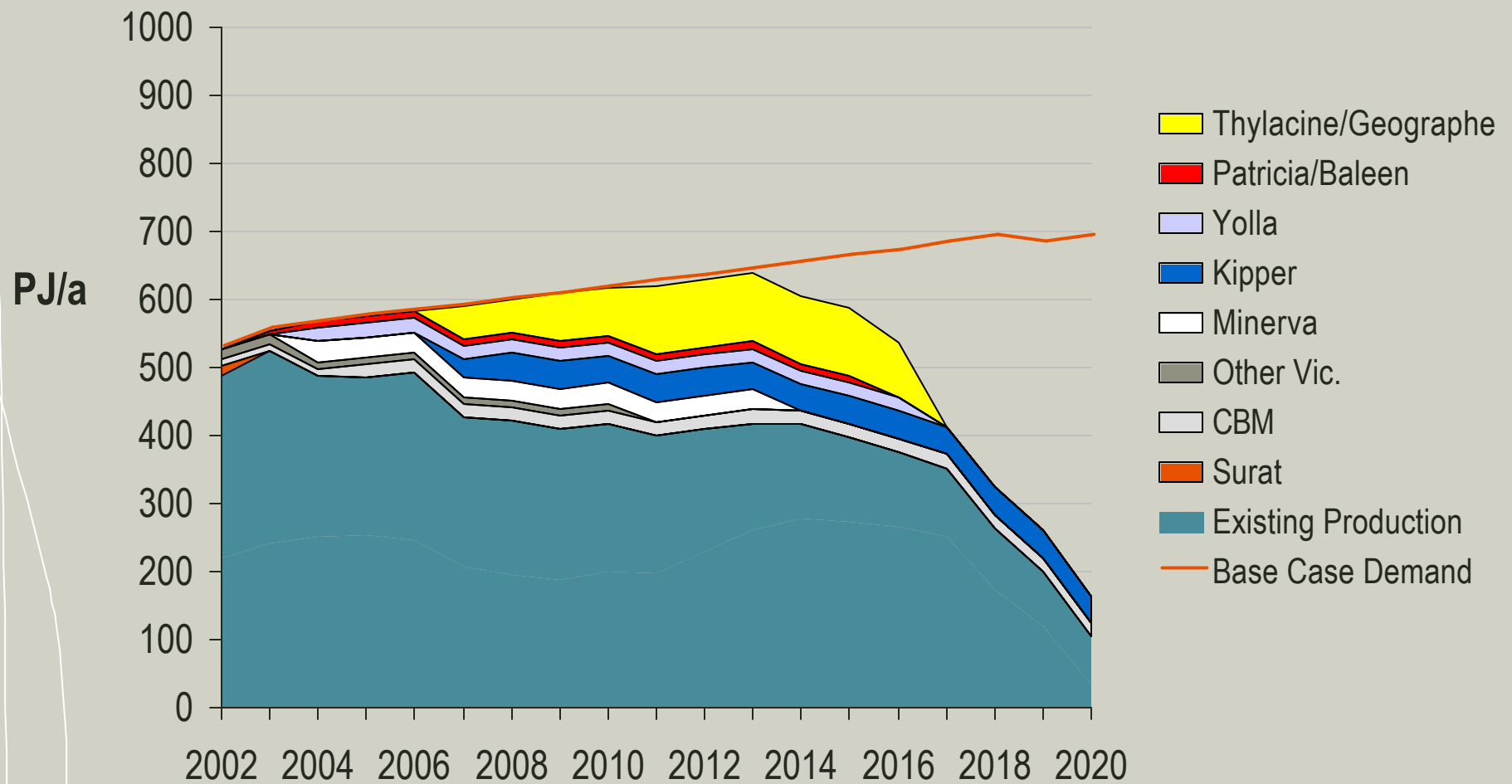
Total = 10,605 PJ

Source : Company information, BHPB est.

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# Eastern States Supply & Demand – Base Case

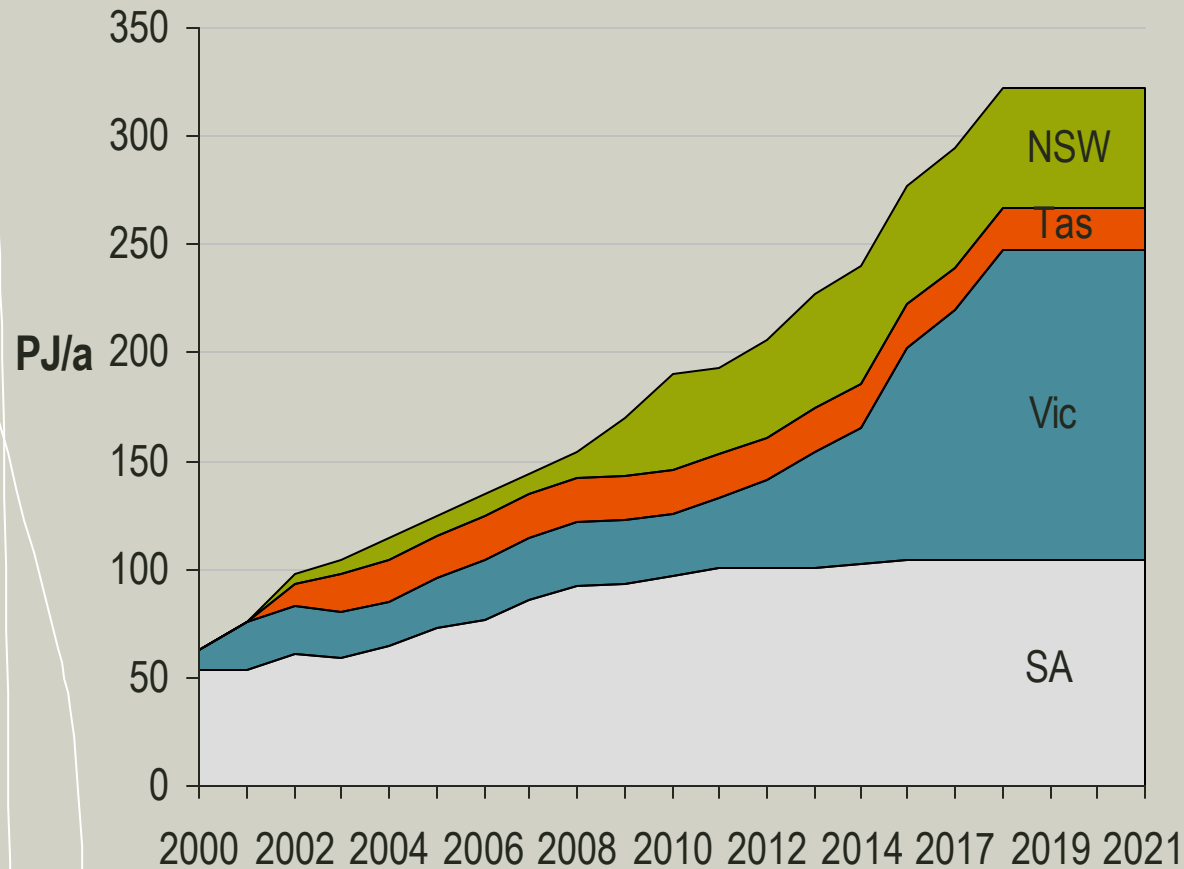


Source: BHP Billiton

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# Eastern Gas Power Generation Opportunities



Source: MMA Assoc

Petroleum – Eastern Gas

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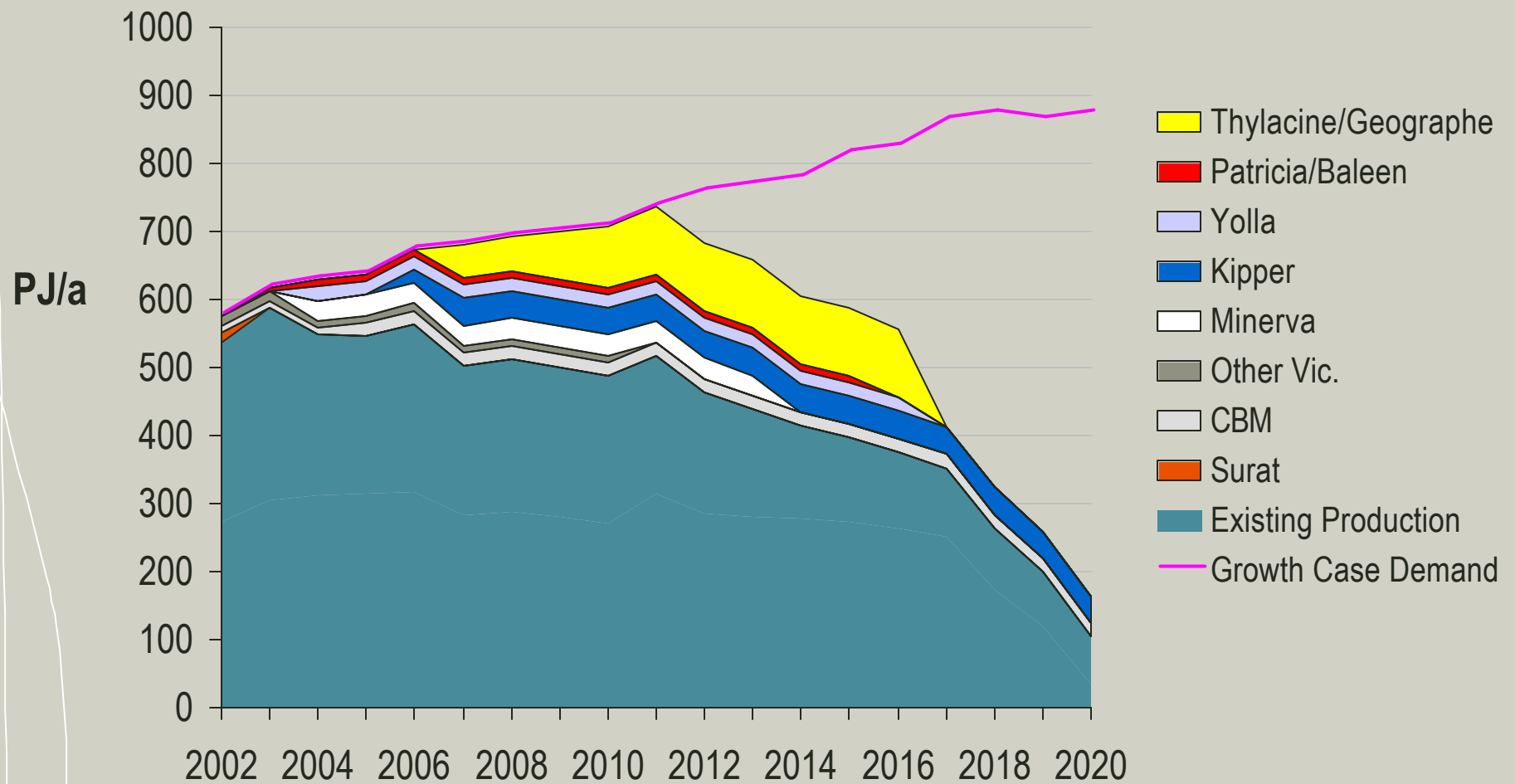
Major growth in gas is for power generation

BHP Billiton has already captured -

- Tasmania ~ 10PJ
- NSW ~ 10PJ
- South Australia ~ 27PJ

Confidence in gas supply is vital for infrastructure development

# Eastern States Supply & Demand – Growth Case



Source: BHP Billiton

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## Filling the Gap

### **Indigenous**

- Queensland Coal Bed Methane
- Otway Basin exploration
- Bass Strait Northern Fields exploration

### **Remote/Imports**

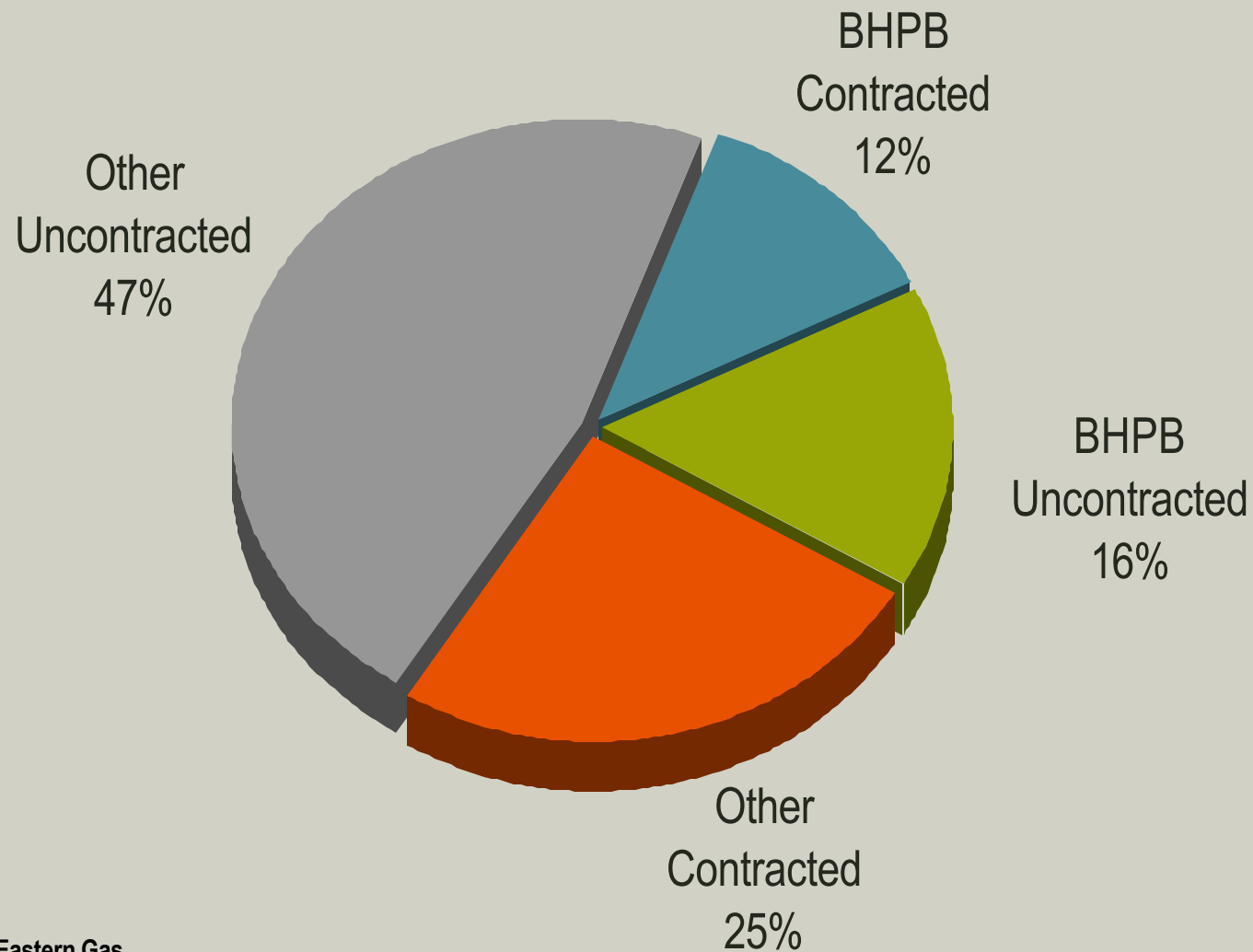
- Timor Sea – onshore vs offshore
- PNG more active but still lacks customer base

## Business Issues

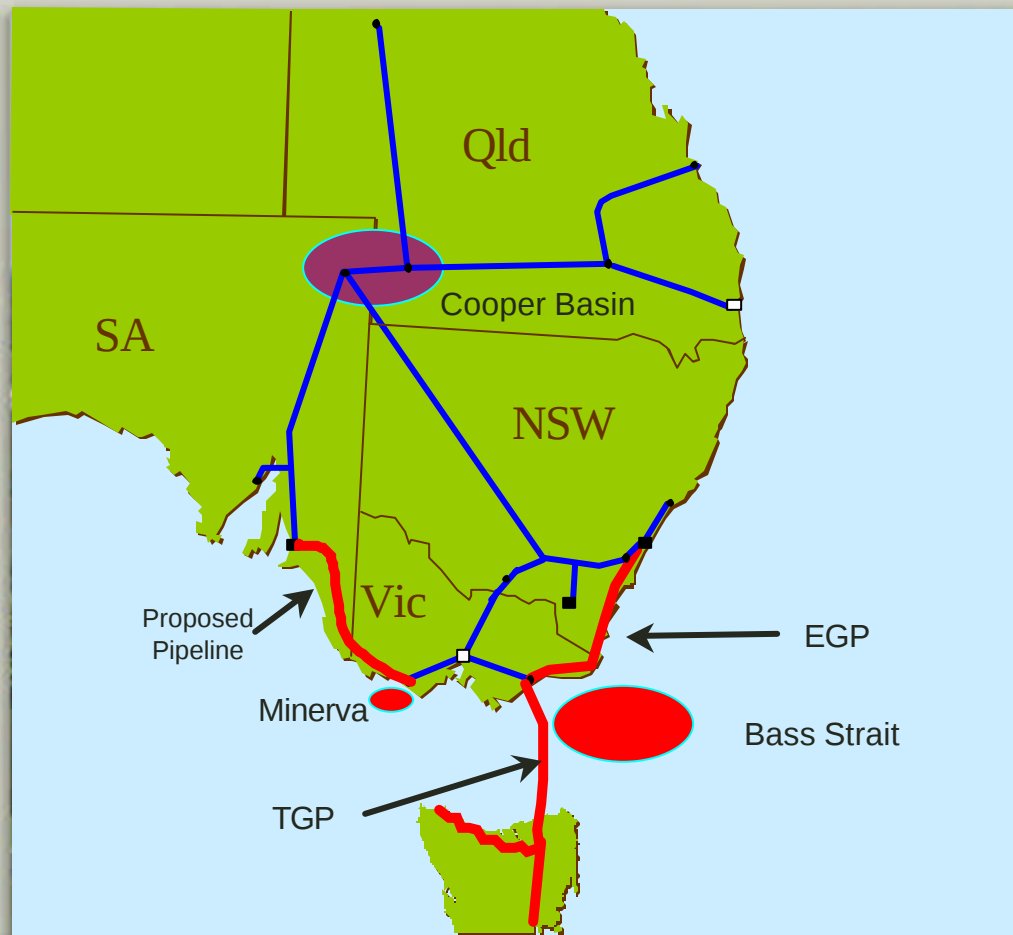
- Australia has amongst the world's cheapest well head gas price (second cheapest gas in the OECD)
- Low gas prices could be an impediment to the development of some new gas projects
- Taxation - has major effect on economics of new gas developments and must allow projects to generate an adequate return
- Regulation - need to adopt consistent Gas Regulatory principles across Australia
- Open access in the upstream - commercial negotiation arrangements for infrastructure access are working satisfactorily

# BHPB in Eastern Australia

# Eastern Australia Gas Resources

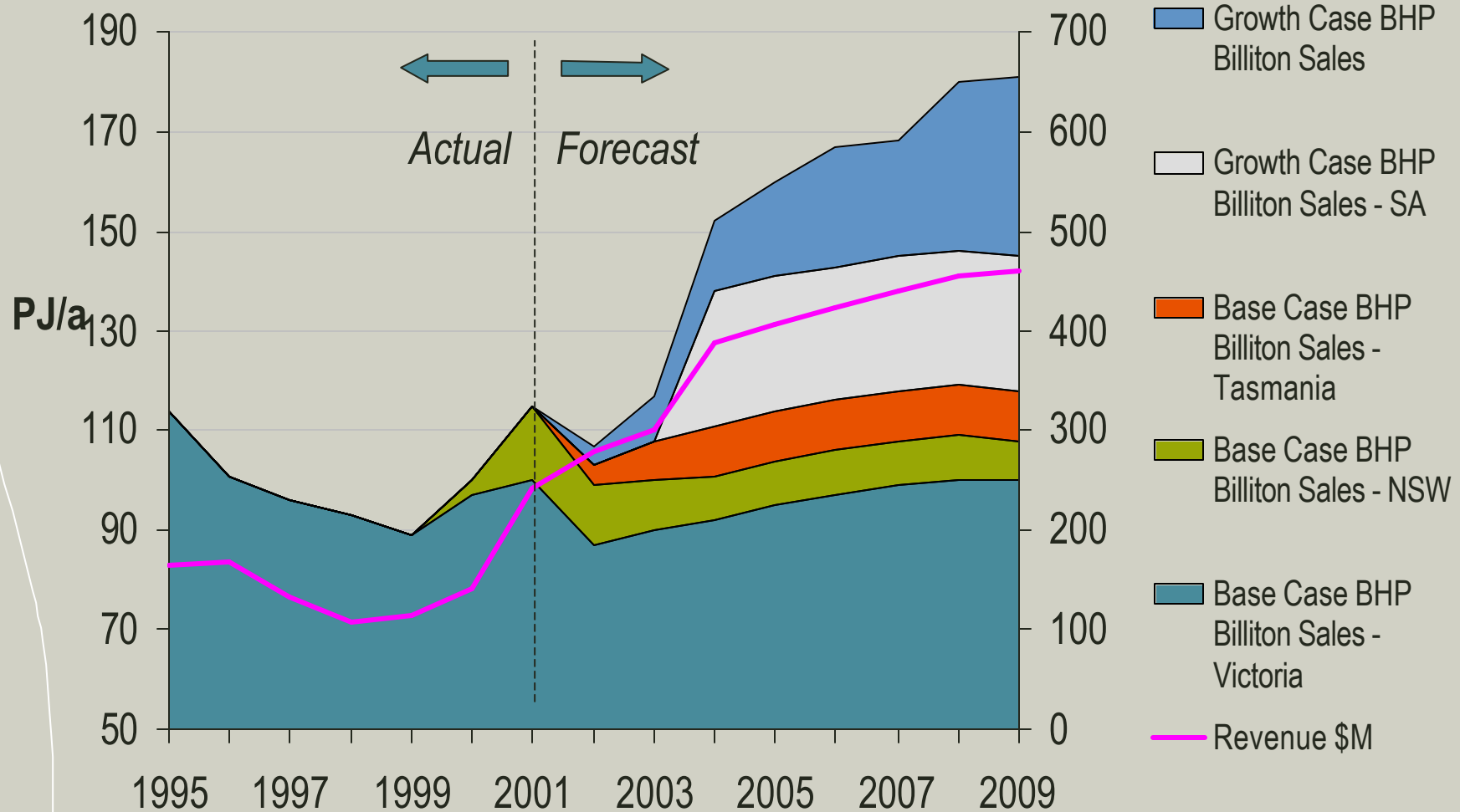


# BHPB Petroleum Initiative: Gas Supply to New Markets



- BHPB will soon supply gas to four States
- Links to new markets secured
  - New South Wales in place and operating –since 2000. BHPB now supply ~ 20% of this market.
  - Tasmania supply in July 2002
  - South Australia pipeline: to be completed by 2004

# BHPB Projected Sales Growth



Source: BHP Billiton

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## Conclusion

- BHPB has significant uncontracted reserves and resources
- It has been demonstrably successful in expanding into new markets
- It is engaged in a major new seismic programme
- There is further market growth in power generation under a balanced energy policy
- Indigenous gas resources are being developed to fill any small supply gap in the medium term

**BHPB will continue, through innovation and development, to be the leader in meeting the needs of the customer in the Eastern Australian gas market for many years to come.**