

Australian Exploration Overview – Federal and State Initiatives

2006 New Zealand Petroleum
Conference

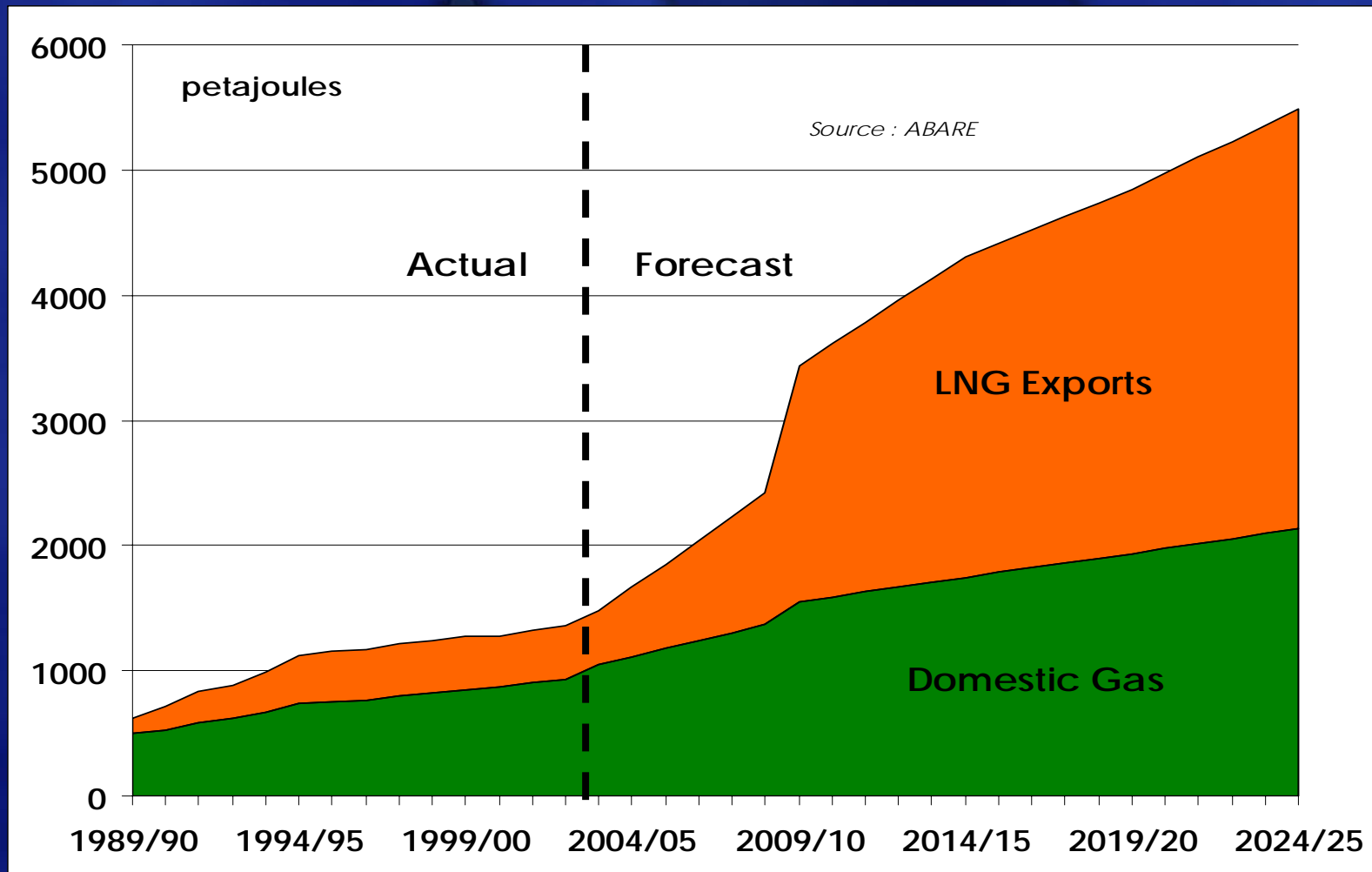
Belinda Robinson
Chief Executive, APPEA



Significance to Australia

- Value of Production >\$16 billion pa
- Employment (direct) 8,000
- Tax Paid >\$5 billion pa
- Export Value \$12 billion pa

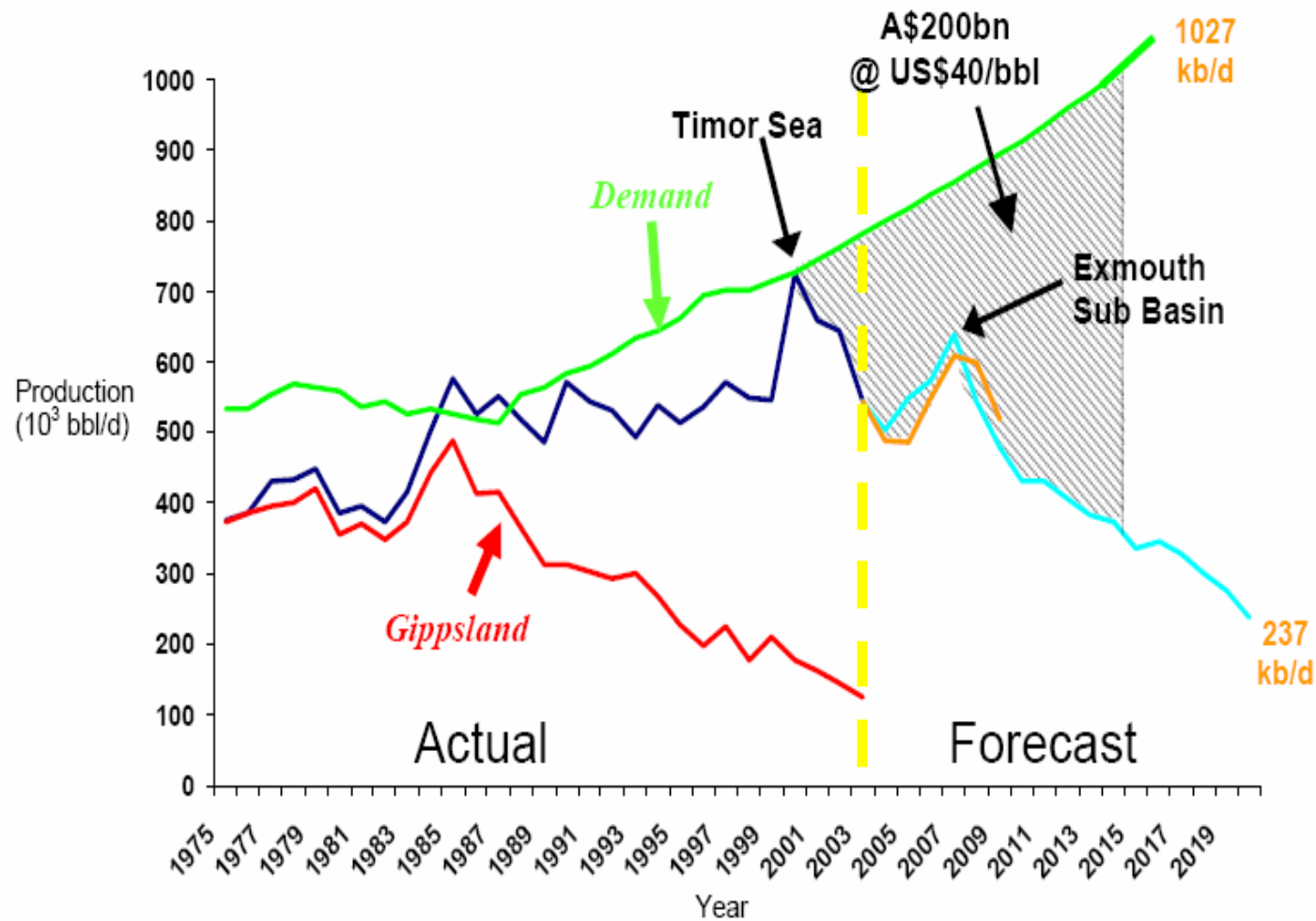
Forecast Production of Natural Gas



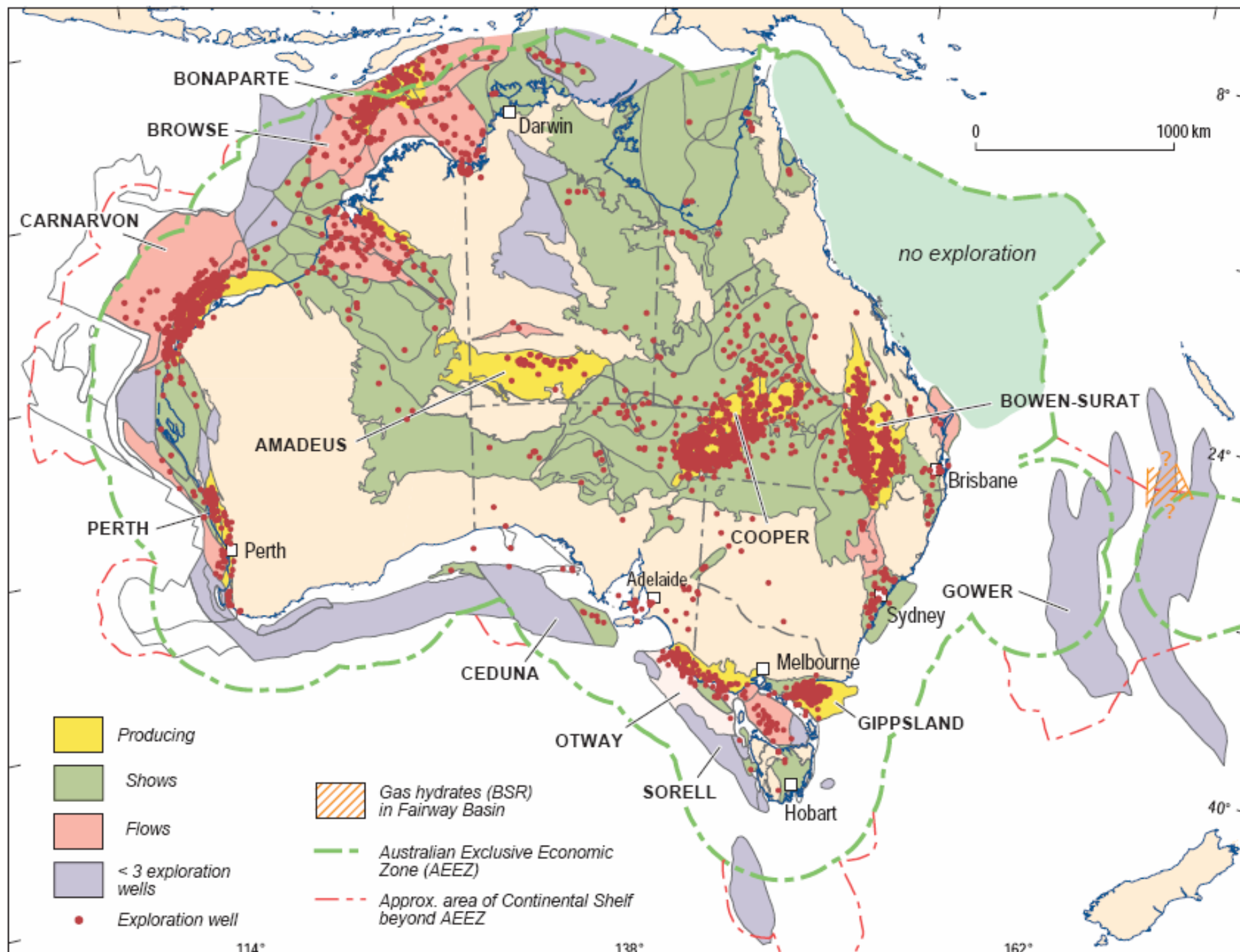
5487 pjs

2136 pjs

Australia's Forecast Crude Oil and Condensate Supply and Demand



Source: APPEA

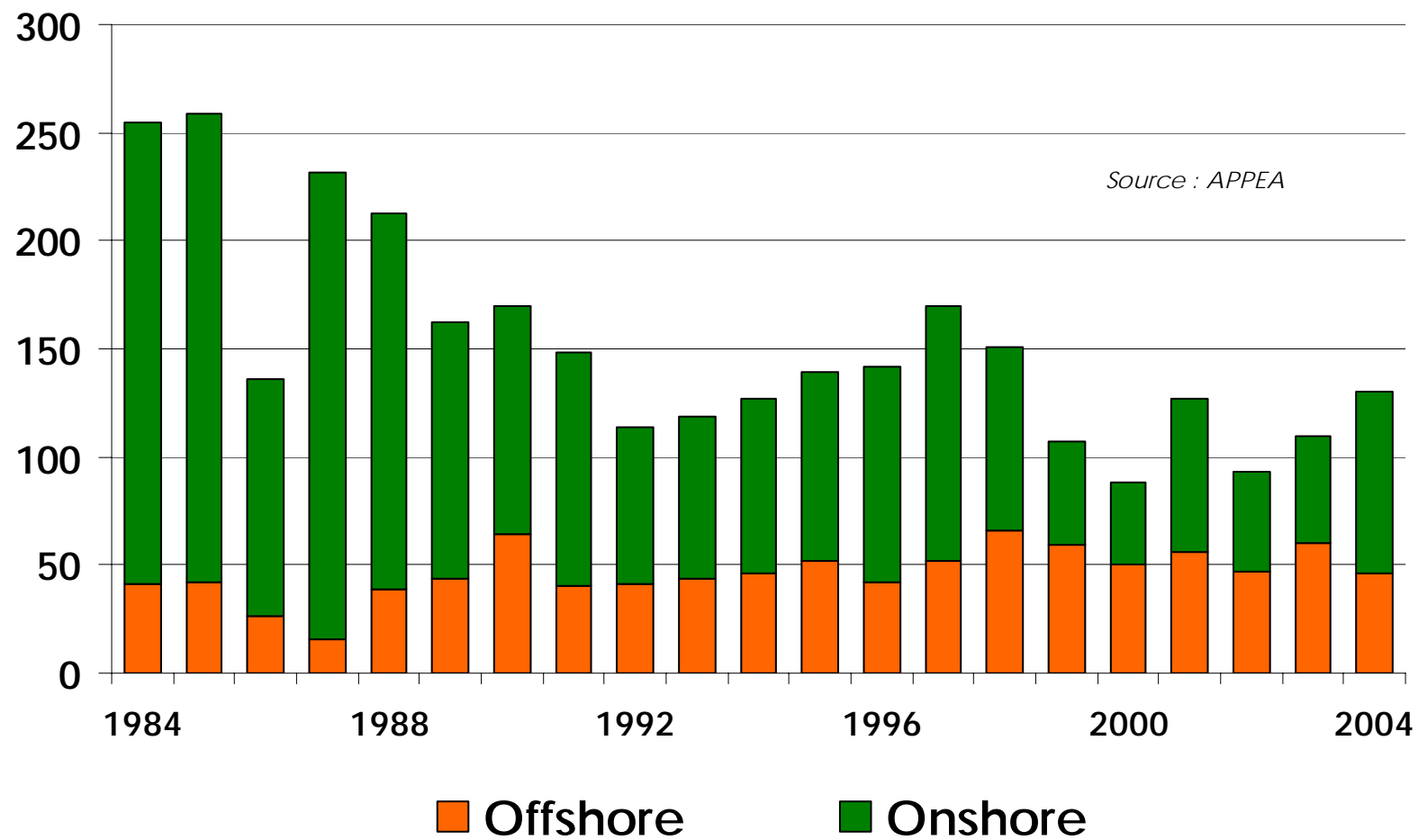


The Australian System

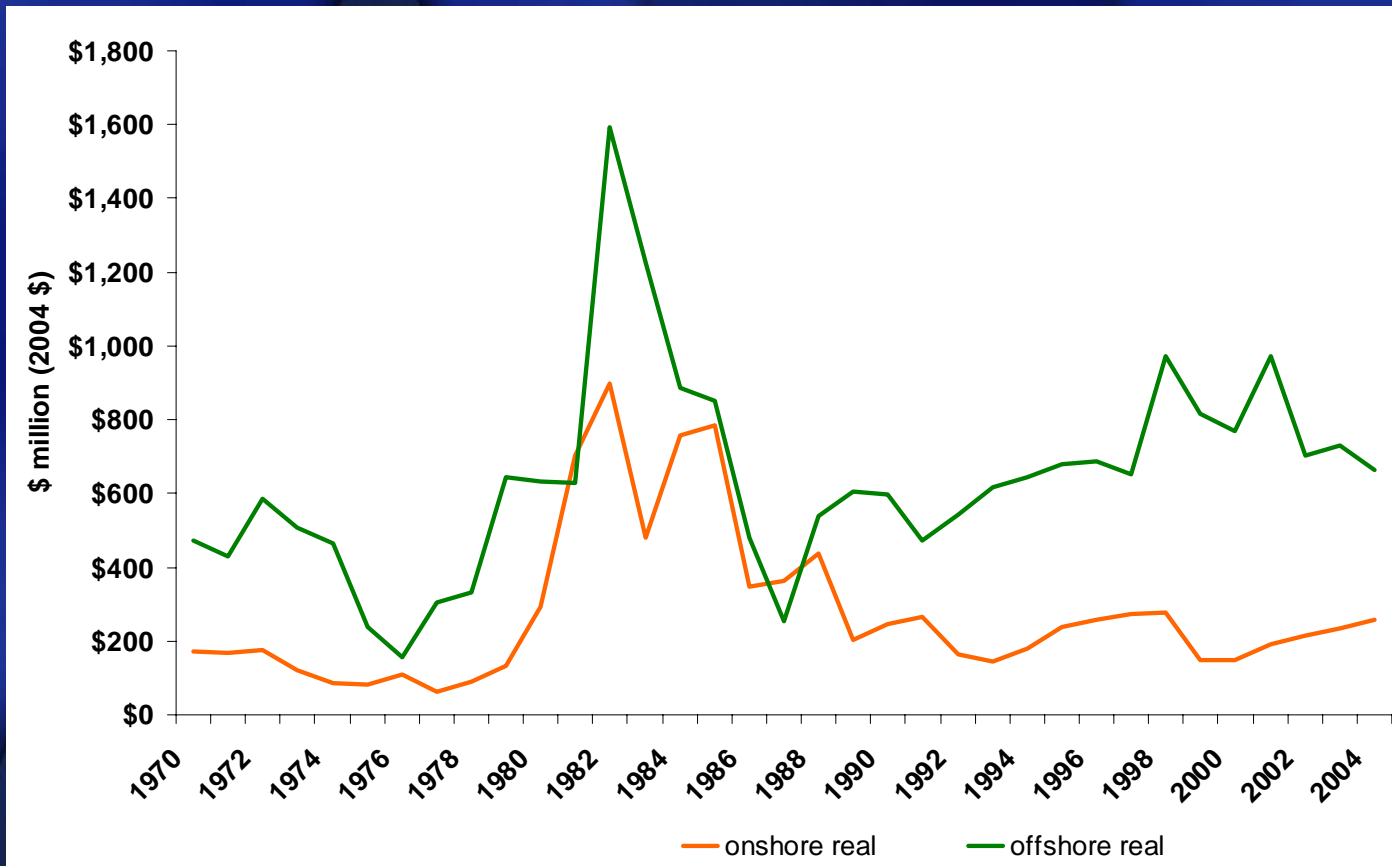
- Regular exploration acreage releases (at APPEA Conference)
- Work program bidding
- Low cost comprehensive geoscientific data
- Security of title to retain and/or develop any discovery
- Profit-related tax system (PRRT)



Exploration Wells Drilled



Exploration Expenditure

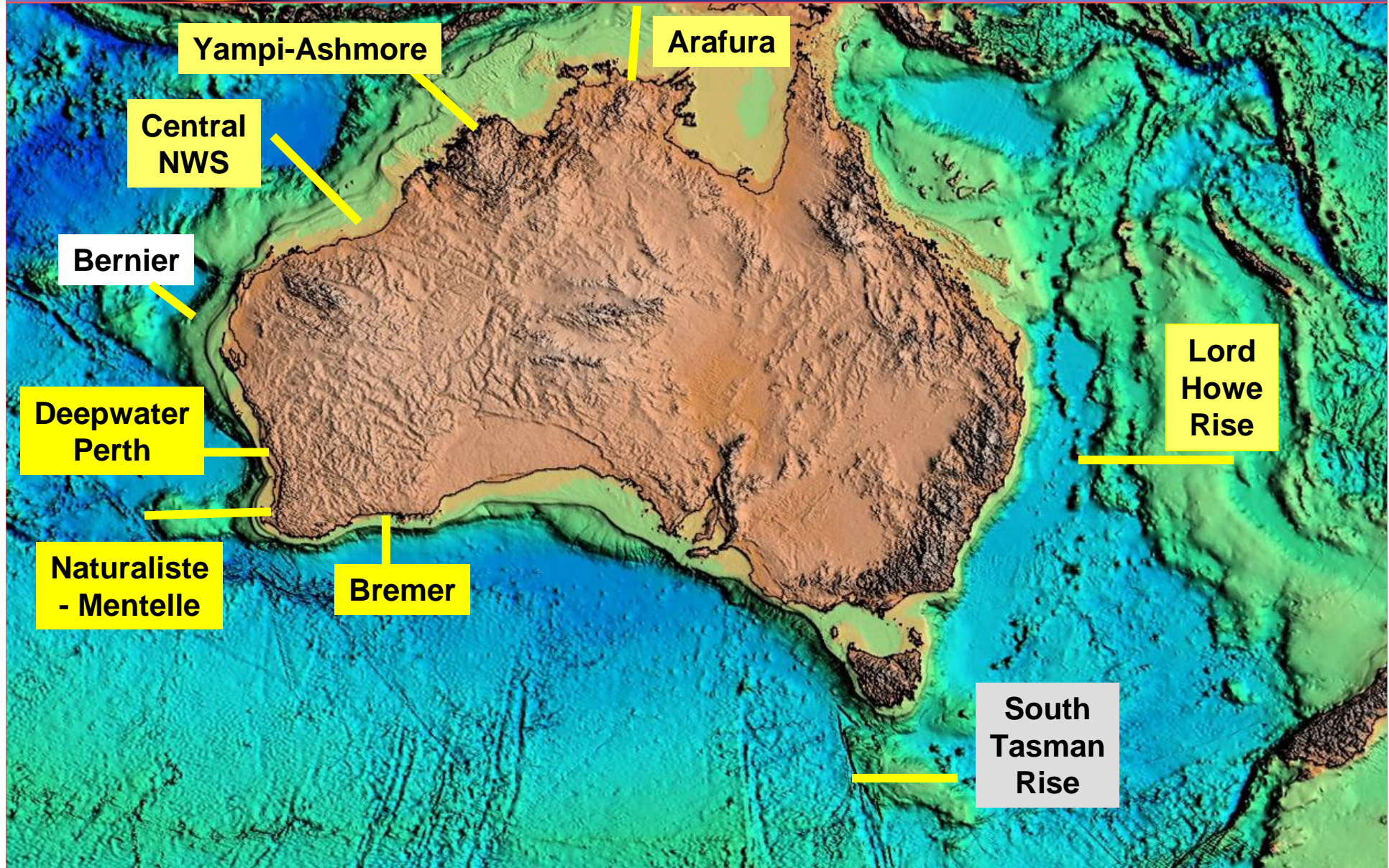


Challenge of Frontier Exploration

Australian Government initiatives:

- 2001- offshore geoscience data at cost of transfer or free over internet
- 2003 – Geoscience Australia four year, \$61 million program of new data acquisition in frontier areas and seismic data remastering
- 2004 – 150% uplift for exploration costs against PRRT in designated frontier areas
- 2005 – PRRT changes to improve administration and remove inconsistencies

Geoscience Australia Frontier Program



A Case Study – Vlaming Sub-basin

Vlaming Sub-basin of Perth Basin:

- previous unsuccessful exploration
- no bids in 2000 and 2003 offer
- poor quality seismic
- GA reprocessed 2000 km and collected 300 km new seismic data
- 2004 release - new permit (WA-368-P) awarded

Exploration and Development Activity

- Gippsland – 700 bcf gas added
- WA 10 wells Q1-Q3 2005 – Pluto largest gas field find in 2005
- Now two LNG facilities – Wickham point first shipment February 2006
- Inpex to develop Browse Basin Ichthys gas/condensate field
- WA gas – NWS expansion, Gorgon, Pilbara, Scarborough, John Brookes
- WA oil – Mutineer/Exiter, Enfield

State Initiatives and Activity

- SA – Plan for Accelerating Exploration (PACE)
- Queensland – Smart Exploration
- NSW – Exploration NSW
- WA – WA Oil and Gas Industry Coordinating Council initiatives
- Victoria – Victorian Initiative for Minerals and Petroleum (VIMP)

What Needs to Be Done - 1?

- Current high oil prices
- But no. wells spudded relatively flat
- Oil and condensate production continues to decline
- Clearly more needs to be done

What Needs to Be Done - 2?

Increase chances of success

- more/better geoscientific data, technological innovation

Reduce risk and cost

- improve regulatory regime, technology

Better reward success

- adjust fiscal system

Conclusion

Government and industry working together on a national upstream oil and gas industry strategy:

Oil & Gas: An Australian Platform for Prosperity

