



## Australia: Oil & Gas News

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John McCaffrey  
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### Welcome to Australian Oil & Gas

This quarterly newsletter is prepared by the United States Commercial Service Australia to advise US exporters on developments and opportunities in the Australian Oil & Gas market.

With oil and gas prices remaining high and demand increasing, the local industry continues to set new records in production and investment. Offsetting this is significant project cost inflation and large shortages in skilled and semi-skilled staff. Despite these challenges, 2007 looks to be headed for another great year with several key projects likely to move from proposals into active developments.

Australia is a net consumer of oil and gas equipment and much of the technology used upstream and downstream development is imported. We estimate the annual market for this kind of equipment is around USD \$2 billion.

Overall the mood in Australia is very upbeat with high oil prices and an increasing thirst for LNG in the Asia Pacific region driving projects forward.

For further information please contact.

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## Oil & Gas in Australia's Northern Territory

Much of the historical focus in Australia was on the massive oil fields in the southern waters of Bass Strait and central onshore basins. In the last 20 years the industry has shifted its attention to the enormous gas fields located off the western coast of Australia. More recently there has been growing interest in the waters to the north of Australia.

The map to the left [<http://www.pesa.com.au/publications/nt.pdf>] shows the oil and gas provinces in Australia's Northern Territory. With a population of just over 200,000 (1% of Australian population) the Northern Territory is one of the world's least-populated places. Much of the population lives around Darwin, which is both the capital of the Northern Territory and the home of its oil and gas companies.

Just to the north of the Northern Territory, vast offshore gas resources are under development in the Bonaparte Basin. The Timor Sea is regarded as a highly prospective petroleum region and contains world scale oil and gas fields under various stages of operation, construction and consideration. With some fields already under production and others imminent, the Northern Territory Government is working to develop these resources.

Significant energy resources in the Northern Territory include onshore natural gas in the Amadeus Basin at Palm Valley and Mereenie, and large offshore reserves in the Bonaparte Basin at Bayu-Undan, Greater Sunrise, Caldita, Evans Shoal, Blacktip and Petrel Tern. There is currently onshore oil production at Mereenie and offshore production at Jabiru, Challis/Cassini, Laminaria/Corallina, Buffalo, and Elang/Kakatua in the Timor Sea. The Puffin field is expected to begin production in the first half of 2007.

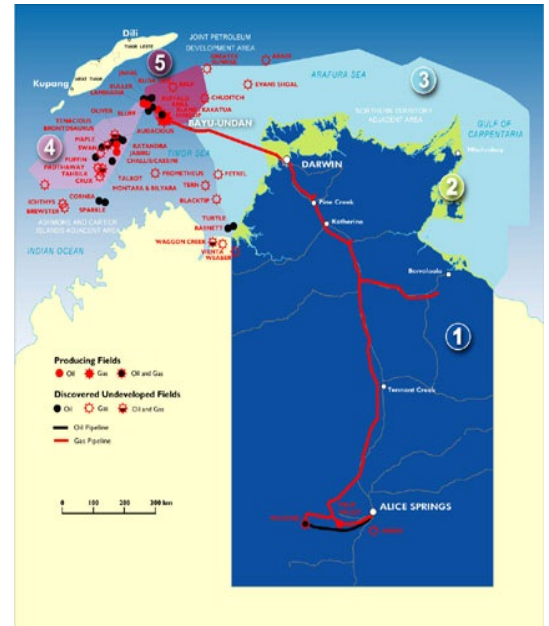
The Bayu-Undan field is operated by Conoco Phillips Australia and has recoverable reserves of more than 3.4 Tcf (trillion cubic feet) of natural gas and approximately 400 million barrels of liquid hydrocarbons (LPG and condensate). Stage One of the Bayu-Undan development, the liquids stripping phase, became operational in March 2004. The second stage, gas development, which included construction of a \$750 million, 500km underwater pipeline from the Bayu-Undan field to an LNG plant near Darwin, was completed in 2005. The plant is geared for new gas developments in the Timor Sea, with approval for expansion up to 10 million tonnes per annum of LNG production.

There are also plans to develop the Blacktip field in the southern Bonaparte Basin to supply the Northern Territory's own energy needs for the long term. A gas sales agreement has been signed by the Territory's Power and Water Corporation and energy developer Eni Australia.

Oil and gas exploration in the Timor Sea has surged up to an estimated \$185 million for the 2005 calendar year. The increased activity has discovered four moderate size oil fields and one large gas field, creating the potential for a spate of new energy projects across the region. Other major gas fields in the Timor Sea being considered for development are:

- Greater Sunrise (Woodside, Shell, Conoco Phillips, Osaka Gas) - estimated recoverable reserves of 7.7Tcf
- Evans Shoal (Santos, Shell, Osaka Gas) - estimated recoverable reserves of 6.6 Tcf
- Petrel /Tern (Santos, Origin Energy) -estimated recoverable reserves of 1.4 Tcf
- Blacktip (ENI Australia) - estimated recoverable reserves of 1.1 Tcf
- Caldita (Conoco Phillips, Santos) - new gas discovery
- Swallow (Coogee Resources) - new gas discovery

Information sourced from the Northern Territory Government website ([www.nt.gov.au](http://www.nt.gov.au))





### AustralAsian Oil and Gas 2007

**AustralAsian  
Oil & Gas  
Exhibition & Conference**



The U.S. Commercial Service, in association with IMEX Management, organized a United States Pavilion in the AustralAsian Oil and Gas Show (AOG) in Perth, Australia. Eleven U.S. companies participated in the show which ran from February 21 to February 23 and had nearly 350 exhibitors from Australia and other countries. Held every two years, AOG is the largest oil and gas exhibition in the region and has a proud 25-year history.

In addition to activity on the show floor, U.S. companies participating in the Pavilion were kept busy with a number of networking receptions and functions. US Pavilion companies were welcomed to Perth in a reception sponsored by Chevron, Conoco Phillips and Exxon Mobil. The evening was organized by AMCHAM, the Western Australia Chamber of Commerce and the Commercial Service and had key representatives of the industry present. Other functions include the AOG dinner and sundowner cocktail networking event.

AOG will be held again in Feb 2009 and the Commercial Service will be recruiting another US Pavilion. Pictured below are members of the US Pavilion with United States Consul General Robin McClellan.



The following companies participated in the US Pavilion:





## Commonly Asked Questions about Large US Oil Companies Working in Australia

### 1. Which large US oil companies are working in Australia?

The table below lists the 10 largest US oil and gas companies by size (2005 assets). Of these companies the ones shaded in yellow have Australian operations. Hess Corporation has only recently secured exploration acreage in Australia, while the other companies have been operating for some time.

Rank	Company	Oil (mmbbl)	Natural Gas (bcf)
1	Exxon Mobil Corporation	782.0	2,819.0
2	Chevron Corporation	609.0	1,553.0
3	Conoco Phillips	507.0	2,050.0
4	El Paso Corporation	8.136	223.0
5	Devon Energy Corporation	88.0	827.0
6	Marathon Oil Corporation	70.0	324.0
7	Occidental Petroleum Corporation	252.0	165.0
8	Anadarko Petroleum Corporation	72.0	516.0
9	Apache Corporation	89.01	461.3
10	Hess Corporation.	89.0	214.0

Source: Oil & Gas Journal, September 4, 2006

### 2. What are some of the key facts about the US majors operating in Australia?



- Is focused in the offshore Carnarvon, Gippsland, Browse, and Perth Basins where Apache holds 6.4 million net acres.
- During 2005, drilled 26 exploration and 10 production wells. Annual production in 2005 was over 13 MMboe representing 8% of Apache's total production.



- Has been retailing in Australia since the 1920s, exploring since 1951 and refining since 1956
- Operates 2 of Australia's 7 refineries and has more than 2000 branded service stations (Caltex)
- Partner (1/6 share) in the North West Shelf LNG facility – Australia's largest resource project.
- Project operator and 50% owner of the Gorgon Project (USD \$9b) located off the Western Australia. Currently in FEED with investment decision expected later this year.



- Operator of the Bayu Undan project – costing USD \$3b to construct Bayu Undan delivered its first cargoes in 2004. It comprises an extensive offshore gas field, 350-mile offshore pipeline and 3.2mtpa gas processing facility.
- Is investigating other offshore fields and potential expansion of the Bayu Undan gas plant.



- Australia's largest integrated oil company that has operated in Australia since 1895. Currently operates one of Australia's seven refineries, significant production assets, and a retail network of 850 sites
- Since 1969 Exxon Mobil (operator) in partnership with BHP has produced from the Bass Strait fields nearly 63% of Australia's oil production and 30% of gas production.
- ExxonMobil owns 25% of the Gorgon Project, a 50% share (and is the operator) of Scarborough fields and a 35% share of Griffin fields. Is considering an LNG terminal project in Papua New Guinea.

### 3. How do US companies supply to these firms?

Whilst some of the procurement decisions are made in the US, many supply issues are resolved locally. Often the local procurement would involve Australian based supply firms, though in the case of specialist component worldwide searches can be undertaken. A sound strategy would be to ascertain where particular projects will be managed and decisions about sourcing made. Partnering with local Australian suppliers can help make introductions to the local contacts of the large US oil and gas companies operating in Australia.

## Industry Events

*To take advantage of these exciting opportunities in the Australian petroleum industry, the U.S. Commercial Service in Australia offers its full range of services to US companies looking to further explore the market. The U.S. Commercial Service in Australia is also active in a range of industry events both in Australia and the United States, promoting US products and services for the oil & gas industry. Details of trade event opportunities that may be of interest to US companies supplying services or equipment to the oil and gas industry are listed below.*



### **APPEA Annual Conference 15-18 April 2007, Adelaide, South Australia**

In 2006 over 1300 delegates attended the APPEA conference and a similar number of delegates are expected at this year's event. Attendees came from a wide range of companies with an estimated 490 companies sending delegates. Aside from the conference program, which covers a wide range of topics in parallel sessions, there is an exhibition hall with nearly 150 stands.

[www.appea2007.com](http://www.appea2007.com)

### **OTC Conference and Exhibition 30 April – 3 May 2007, Houston, USA**

The U.S. Commercial Service in Australia will again be participating in OTC. During the conference the CS Australia oil and gas specialist will be available to meet with US companies looking for information on the Australian market. Details on our activities at OTC will be available in the coming months.

This year we are assisting with the Australian delegation to OTC organized by the American Chamber of Commerce including facilitating meeting with Australian delegates and US companies. Details on the delegation can be found at the AMCHAM website - <http://www.amcham.com.au/>



### **SEAAOC Annual Conference 30 May – 1 June 2007, Darwin, NT**

Run in partnership with the NT Government, SEAAOC is a pioneering international opportunity to discuss key gas and LNG developments located across the whole northern Australian band and SE Asia.

Now in its 13th year SEAAOC is Northern Australia's largest and longest running petroleum conference. The 2007 event is expected to attract over 350 delegates.

[www.seaoc.com](http://www.seaoc.com)



**For More Information [NOTE: only use this format, do not change it.]**

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