

OPPORTUNITIES IN WESTERN AUSTRALIA



Government of Western Australia
Department of State Development
Western Australian Global Network



Petroleum Exploration

For the discovery of world-class oil and gas fields.

INTRODUCTION

Western Australia ranks among the best areas in the world for petroleum exploration, and can boast a wildcat success rate in the order of 10-40 per cent in recent years.

From humble beginnings 50 years ago, numerous major discoveries of oil, gas and condensate have been made in Western Australia. As a result, the value of production is now more than US\$12 billion a year.

The potential for ongoing exploration success in Western Australia is enormous, with several play types in under-explored area having one billion barrel-plus potential.

SUPPORTIVE GOVERNMENT

The Western Australian State Government is committed to attracting international investment to explore the State's resources. With this in mind, the Department of Mines and Petroleum invites work-program bidding for petroleum acreage, helps facilitate access to land, provides online access to exploration data, conducts basin studies, and in recent years, the Department has released farm-in opportunities booklets in cooperation with industry. New investors are welcome in Western Australia.

WORLD-CLASS PRODUCTION

Petroleum production in Western Australia has grown steadily over the years, from US\$24 million worth of production in 1973 to more than US\$4 billion now. In 2007, Western Australian oil and gas fields produced:

- Oil - 13 gegalitres (82 million barrels)
- Condensate - 6 gegalitres (38 million barrels)
- Gas - 29 giga cubic metres (1032 billion cubic feet).

PETROLEUM DEMAND

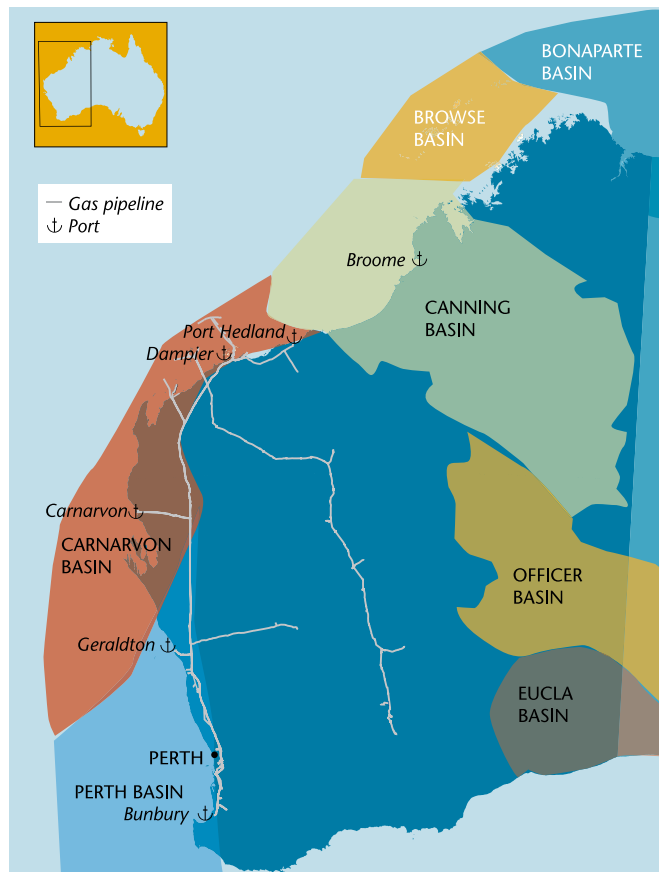
Despite being a considerable exporter of coal and LNG, Australia's expanding economy and declining domestic oil production have led some observers to forecast an energy supply shortfall in the next 10 years, particularly in oil and condensate. Already the nation's largest producer of both oil and gas, Western Australia is a likely source of additional petroleum to meet this demand.

Western Australia has more than 5000 km of offshore and onshore pipelines under licence, as well as ports capable of exporting LNG and other petroleum products.

BASINS OF OPPORTUNITY

Western Australia has extensive onshore and offshore sedimentary basins, the majority of which are considered prospective for new petroleum discoveries.

As a relatively new hydrocarbon province, opportunities for newcomers are still available in Western Australia. Unlike mature



areas such as the North Sea and North America, most of Western Australia remains relatively under-explored, even in basins with extensive production histories. There are abundant opportunities to bid for acreage or to farm-in to existing joint ventures. There are also a wide range of exploration opportunities from high-risk onshore and offshore frontier plays to lower cost, lower risk prospects near existing production facilities.

Western Australia is one of the few places in the developed world where potential remains for larger discoveries. The potential for ongoing exploration success is enormous, with several targets in under-explored onshore areas having one billion barrel-plus potential. These represent low-cost exploration opportunities to gain significant leverage from a modest investment.

INTERNATIONALLY COMPETITIVE

Western Australia now ranks among the best areas in the world for petroleum new ventures. The extensive areas of petroleum bearing sedimentary basins, includes a vast continental shelf.

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Western Australia	
Onshore	Size Comparison; more than 3.5 times the area of Texas
Offshore	Larger than entire Gulf of Mexico; nearly 4 times as large as the North Sea

Some international companies with petroleum interests in Western Australia include:

Apache Energy	Chevron Texaco	Santos
BHP Billiton Petroleum	Exxon Mobil	Shell
BP	Inpex	Woodside Energy
ConocoPhillips	CNOOC	Hess

HEALTHY SUCCESS RATES

Western Australia is achieving a high success rate with petroleum exploration. The following indicates the percentages of new field wildcat wells drilled that were considered economic and under serious development review:

2000	44%	2002	18%	2004	16%
2001	18%	2003	10%	2005	11%

This gives an average of almost 20 per cent, which is good by international standards.

EXCELLENT RESERVES AND GROWTH POTENTIAL

Western Australia's northwest offshore region is now recognised as a world-class natural gas province, one of the 10 largest in the world and also boasts large oilfields. Currently, natural gas resources from this area are estimated as follows:

Basin	Resources#
Carnarvon	2674 giga cubic metres (95.5 trillion cubic feet)
Browse	848 giga cubic metres (30.3 trillion cubic feet)
Bonaparte*	60 giga cubic metres (2.1 trillion cubic feet)

* excluding Northern Territory waters.

resources are based on a 50 per cent probability of recovery level.

PROVEN TRACK RECORD

Western Australia has a proven track record in developing world-scale, technically complex petroleum and mineral processing projects. A prime example is the North West Shelf gas project, which supplies around 8 per cent of the world's LNG, principally to Japan. First delivery under China's first international LNG contract were delivered from Western Australia in May 2006. The life of the contract is worth US\$18 billion.

PETROLEUM EXPERTISE

A large pool of petroleum expertise and numerous oilfield service companies are located in the State capital, Perth. This experience is invaluable to support new players coming here. Local universities provide a full spectrum of courses including petroleum geology, geophysics, and engineering.

CONTACT INFORMATION

Department of Mines and Petroleum
Mineral House, 100 Plain Street, East Perth 6004 Western Australia
Telephone +61 8 9222 3333 Fax: 9222 3862

Department of State Development
Western Australian Global Network
Investment Attraction Branch
1 Adelaide Terrace • East Perth 6004 • Western Australia
Telephone: +61 8 9222 0525 • Fax: +61 8 9222 3862
Email: invest@dsd.wa.gov.au
For more details, please access the Department's website: www.dsd.wa.gov.au