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Building in LNG and Methanol

15th Asia Upstream Conference: April 21st - 22nd, 2010

Jürgen Hendrich, Managing Director & Chief Executive Officer

Australian LNG provinces

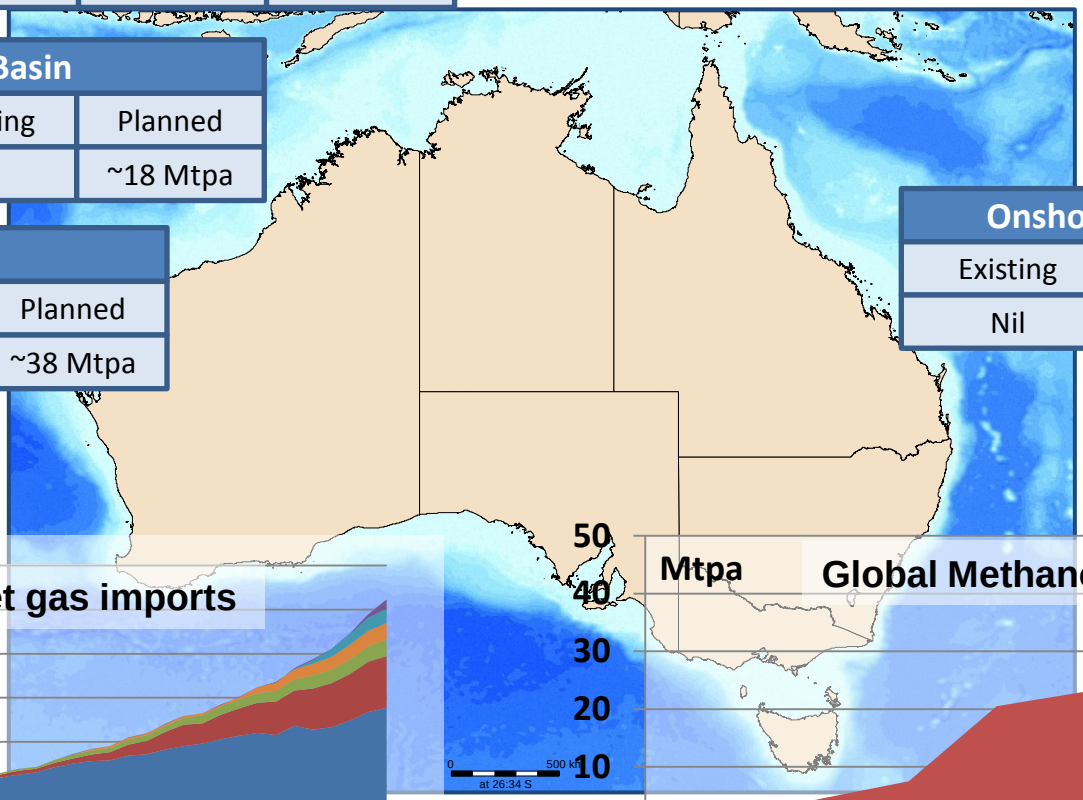
MEO operates in basins with existing LNG infrastructure

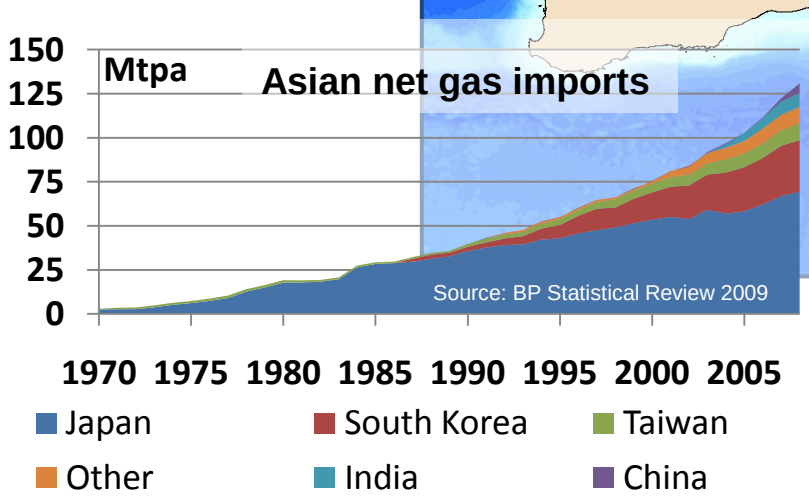
Bonaparte Basin		
Existing	Building	Planned
3.5 Mtpa	Nil	~ 10 Mtpa

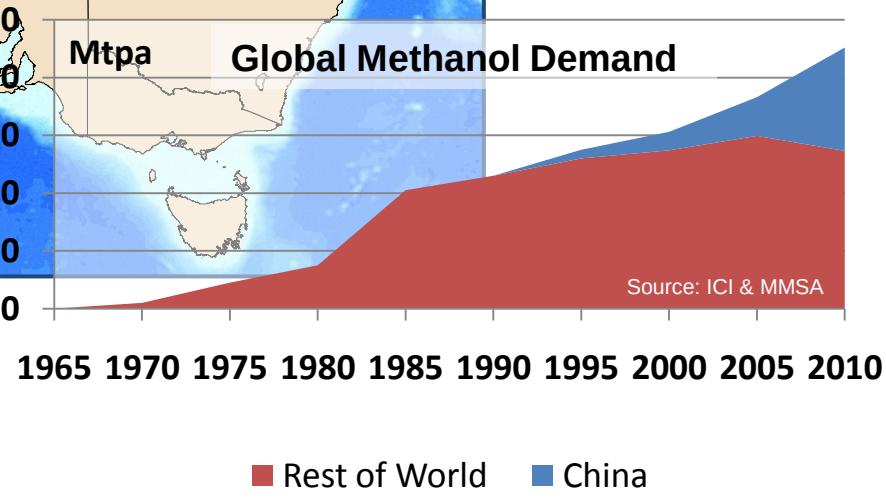
Browse Basin		
Existing	Building	Planned
Nil	Nil	~18 Mtpa

Carnarvon Basin		
Existing	Building	Planned
16.3 Mtpa	14.3 Mtpa	~38 Mtpa

Onshore Queensland - CSG		
Existing	Building	Planned
Nil	Nil	~12 Mtpa

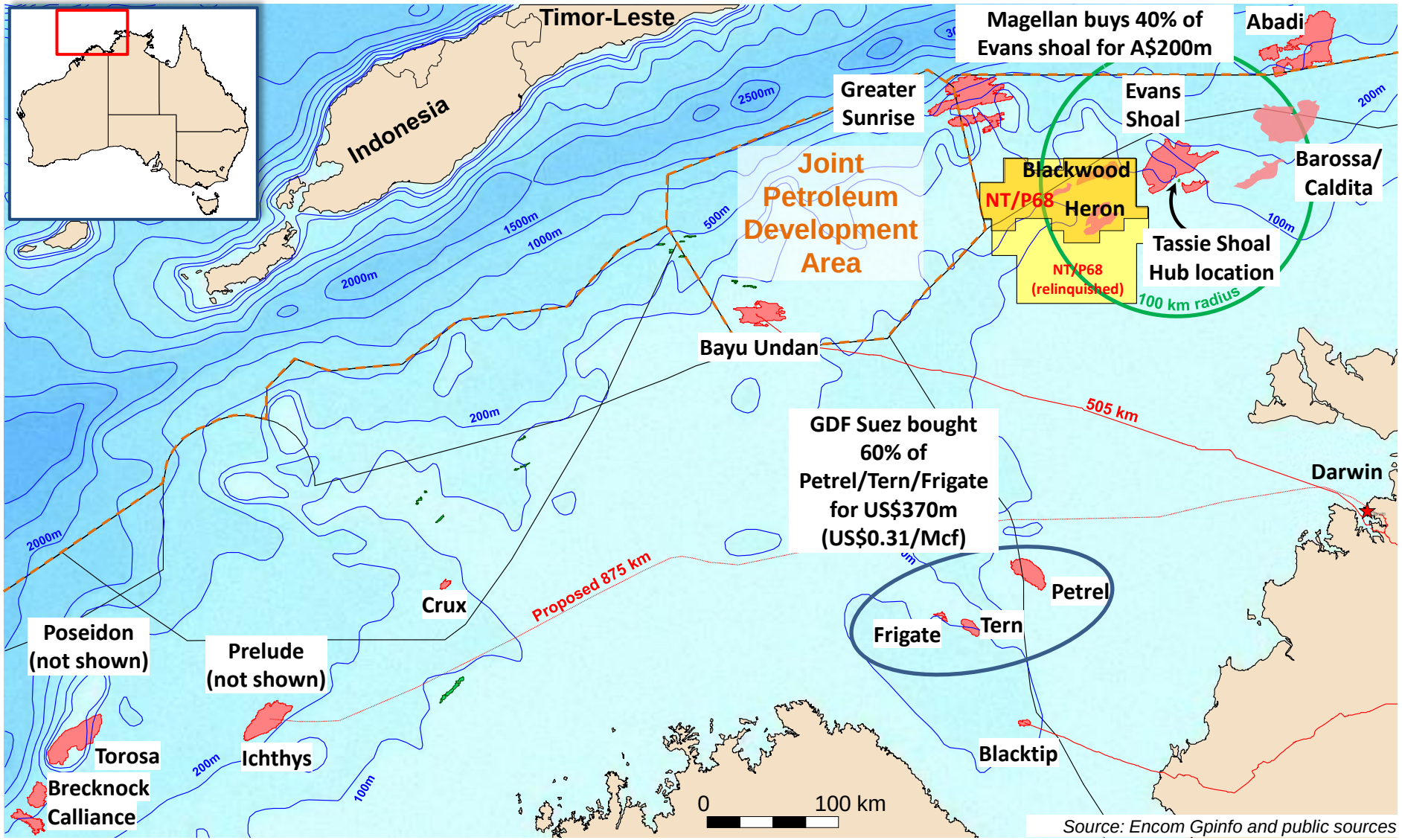






Bonaparte & Browse Basins

1 existing LNG project (3.5 Mtpa) – remoteness/quality issues



Source: Encom Gpinfo and public sources

Economic considerations

Resource Value Enhancing Options

• Resource size	→ • Cooperative development?
• Hydrocarbon liquids − condensate & LPG	→ • Accelerated liquids production? − eg Bayu-Undan liquids stripping
• Contaminants − CO_2, H_2S, mercury	→ • Removal & sequestration - eg Gorgon CO_2 sequestration
• Development costs − Water depth, reservoir quality	→ • Technology improvements
• Distance to processing − environmental issues − political issues − pipeline terrain	→ • Move the processing location? − resolve issues − seek compromises (mutual benefits?) − Avoid complex/high risk traverses
• Certainty − reservoir − development concept	→ • Improve technical confidence − reservoir studies and appraisal drilling − use proven development technology
• Market for product	→ • Diversify?

Bonaparte Basin Development Drivers

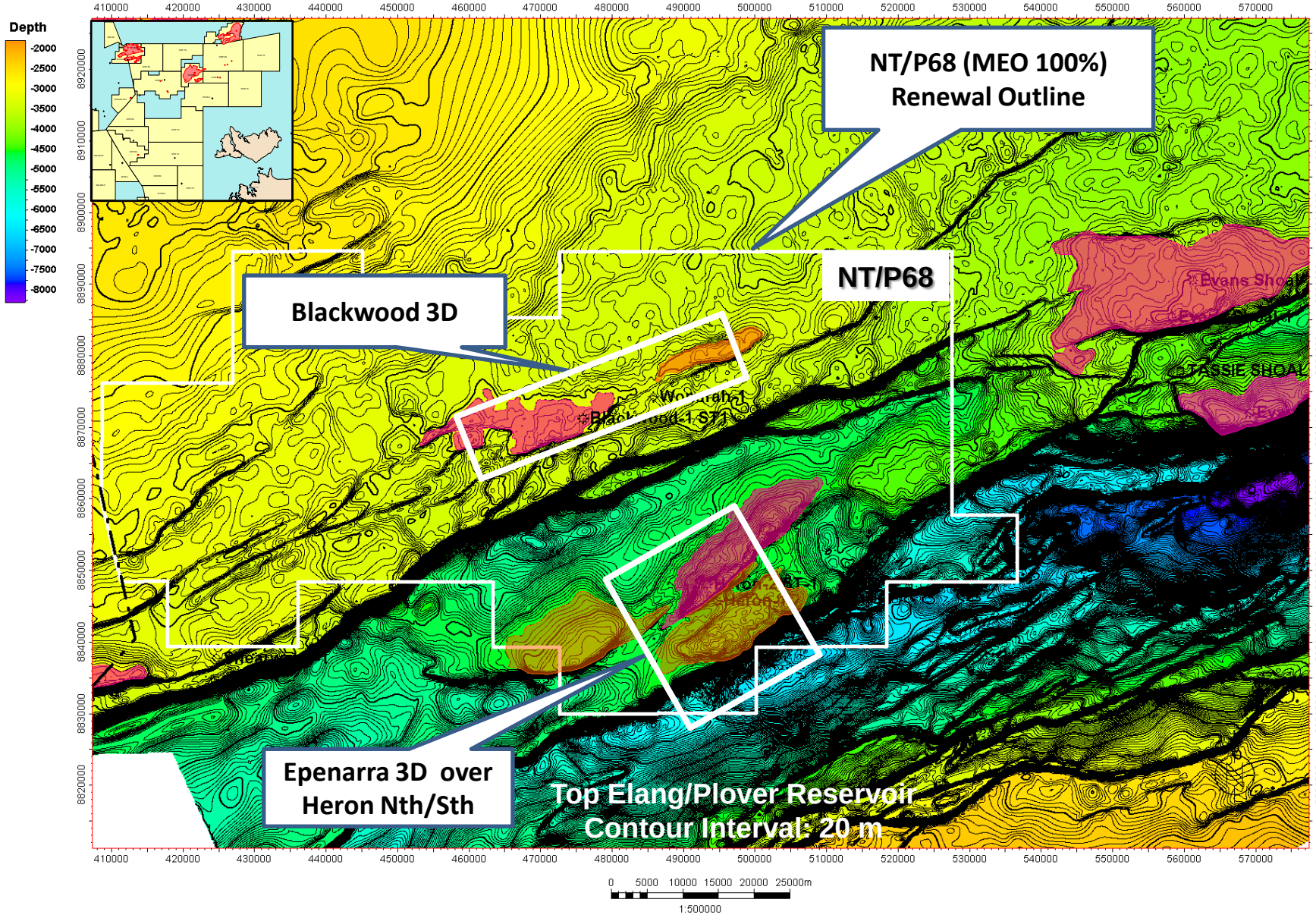
MEO gas discoveries have clear path to market

Project	Discovery	Production Gas/LNG/MeOH	Distance	Deep	Dry	Dirty	Disputed
Bayu-Undan	1995	2001/2006					
Blacktip	2001	2009/no LNG					
Blackwood (MEO 100%)	**2008**	**FID + 3.5 yrs**					
Heron (MEO 100%)	**2008**	**FID + 3.5 yrs**					
Greater Sunrise	1975	?					
Petrel/Tern /Frigate	1969	?					
Evans Shoal	1988	?					
Barossa / Caldita	1973/2005	?					

- Disputed: - jurisdiction related complexities

MEO gas discoveries (100%) & 3D seismic

Permit renewal accepted, acreage award pending



Advanced seismic processing

Acoustic impedance (AI) studies to predict reservoir sweet spots

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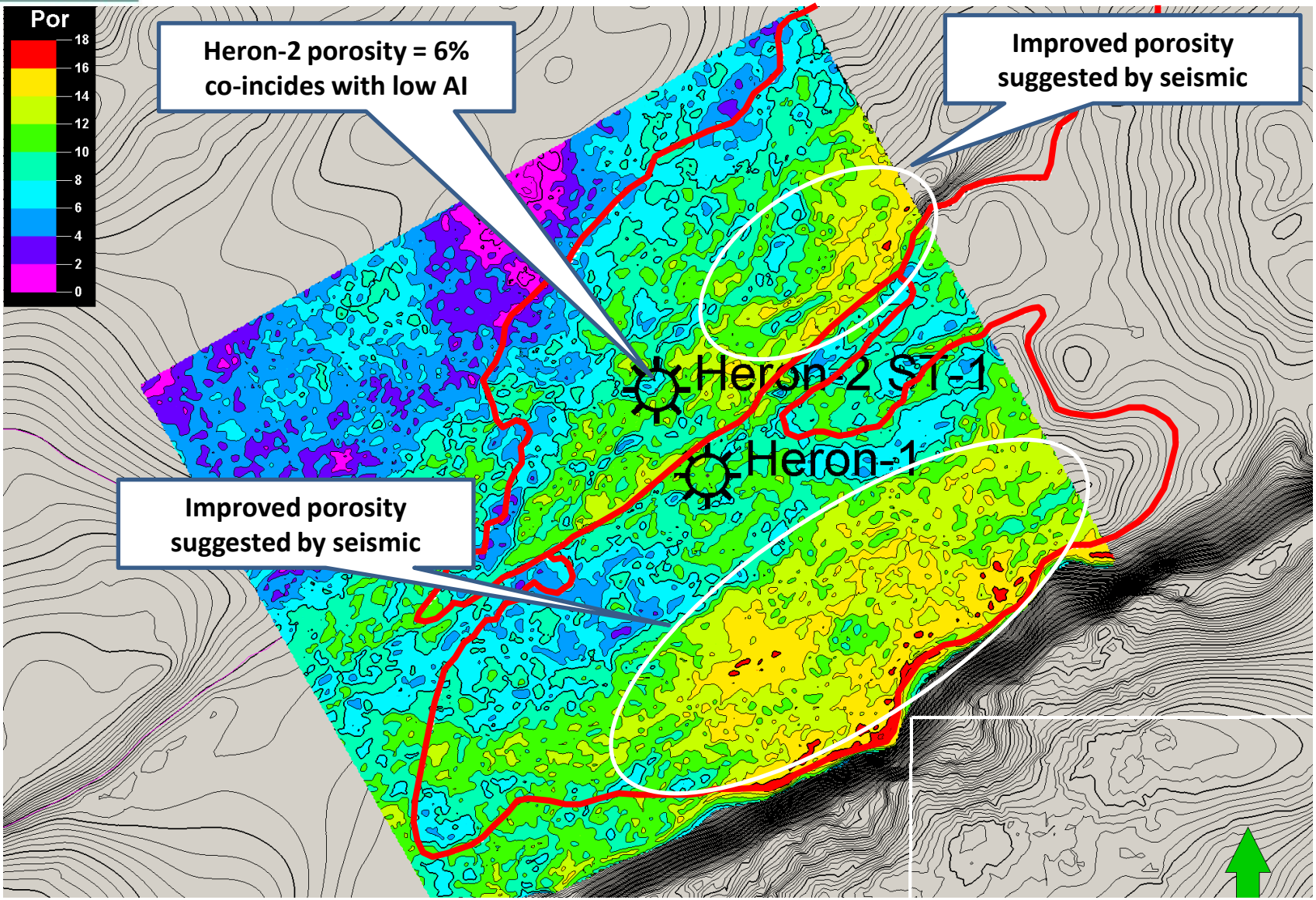

Tassie Shoal – a natural hub location

Solves remoteness & gas quality (CO_2 sequestered into methanol)

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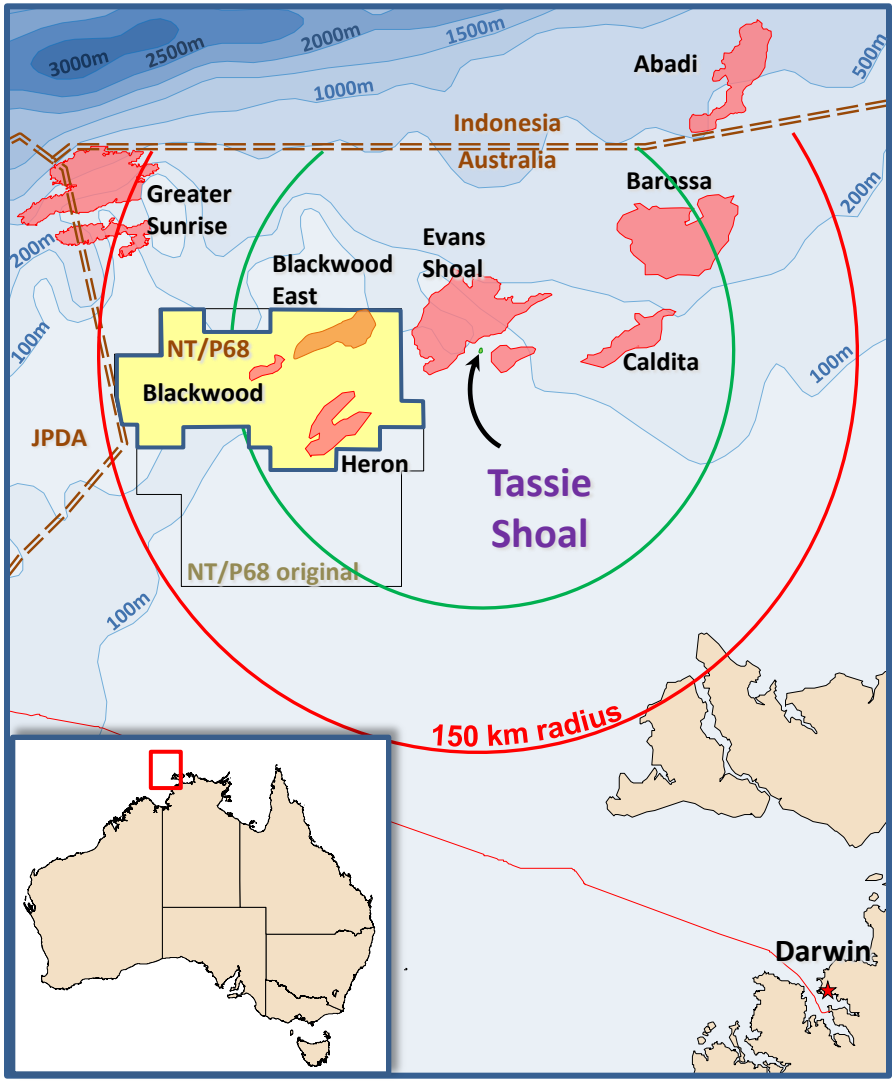
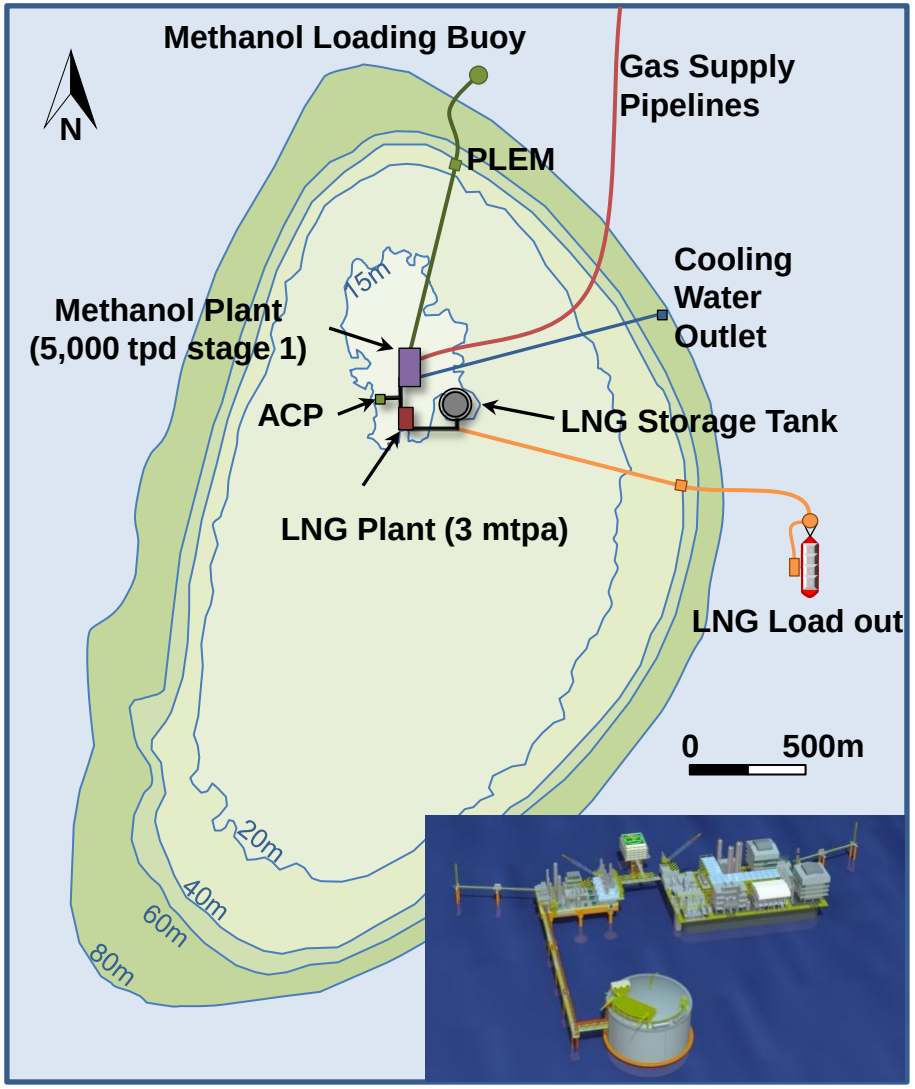
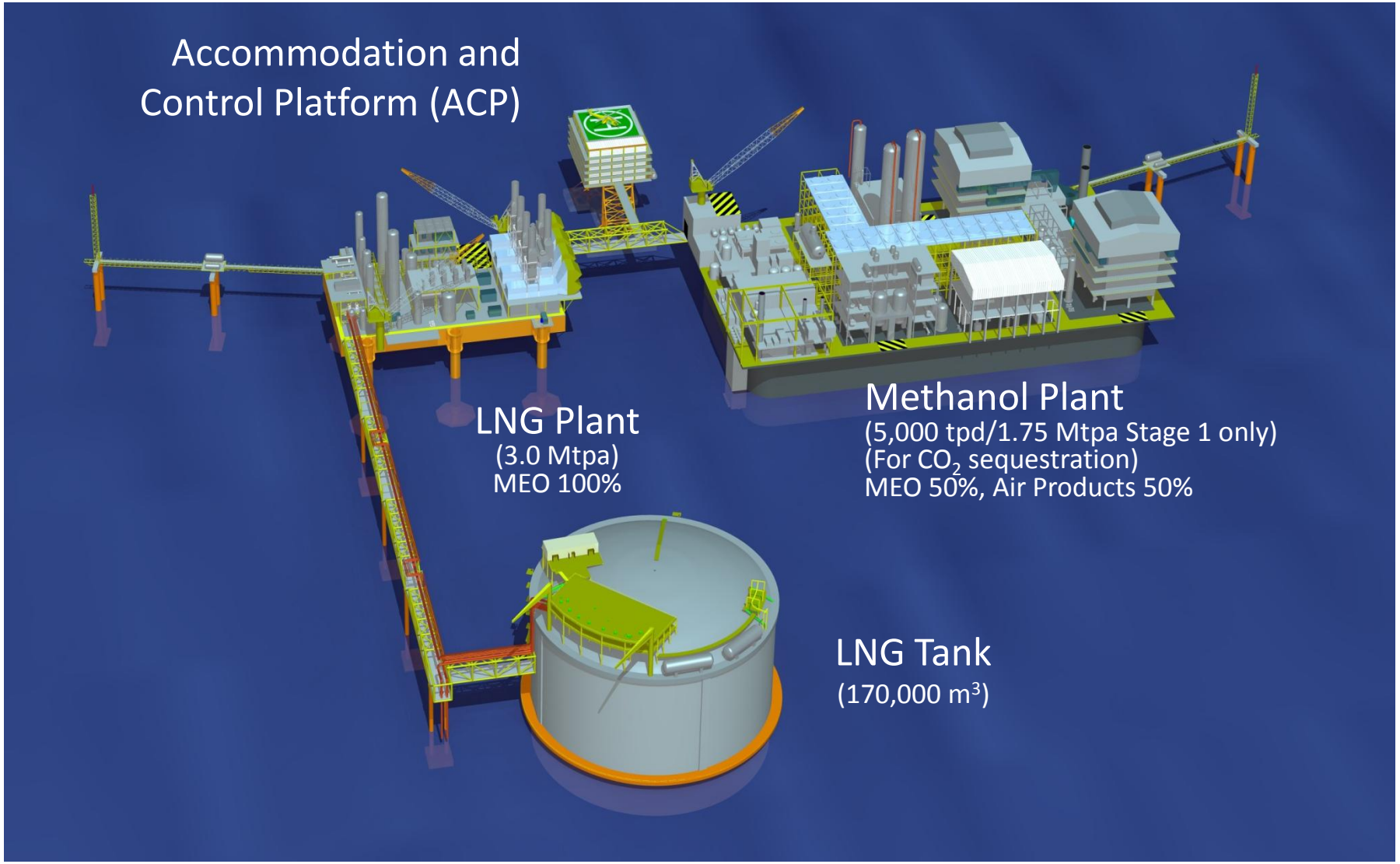




Tassie Shoal Projects – Single Modules

Environmental approvals secured – pending gas supplies



Timor Sea LNG Project

Combines two established designs

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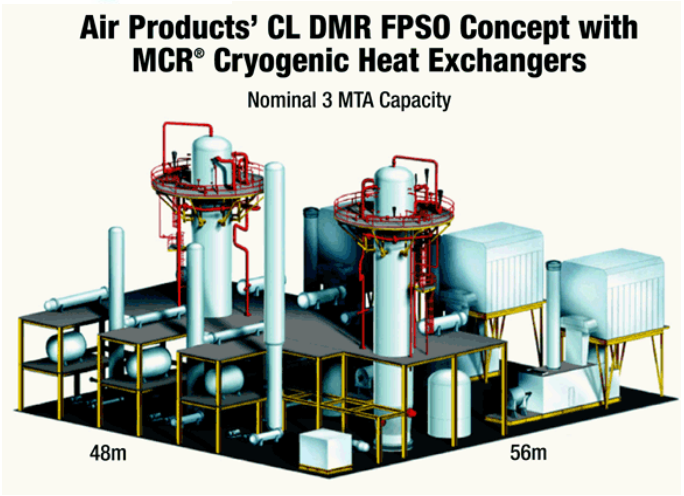

Air Products/Aker Kvaerner 1990's Concept

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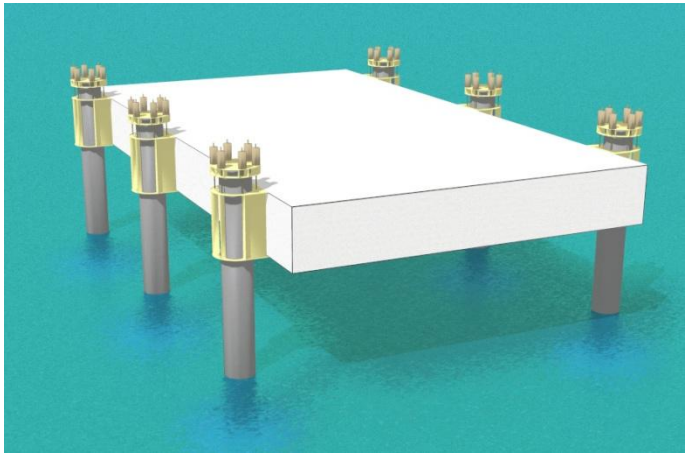

Arup Concept Elevating (ACE) Platform (100m x 50m)

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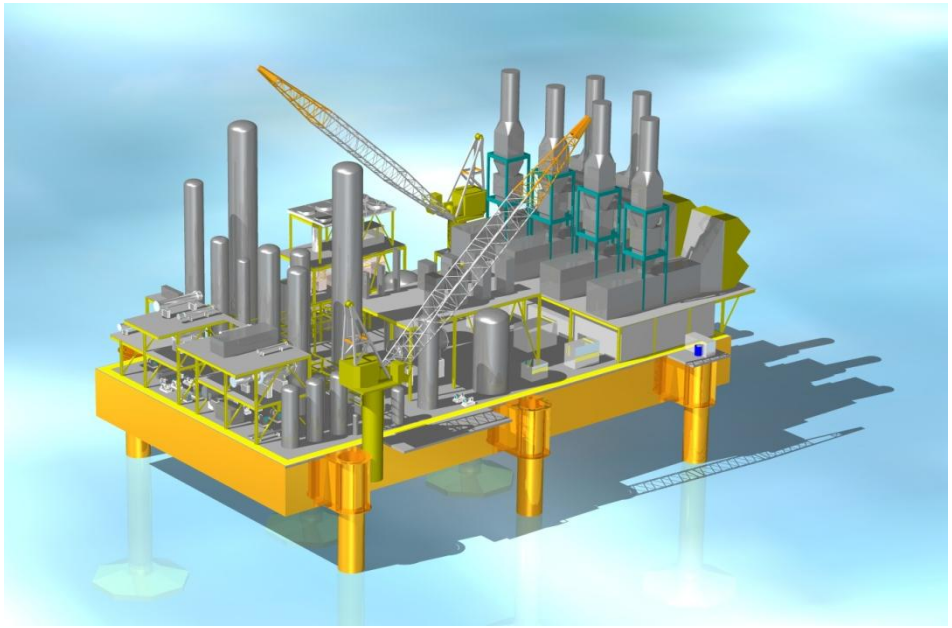

Timor Sea LNG Plant – one module

170,000 m³ LNG Storage

Combines two proven technologies

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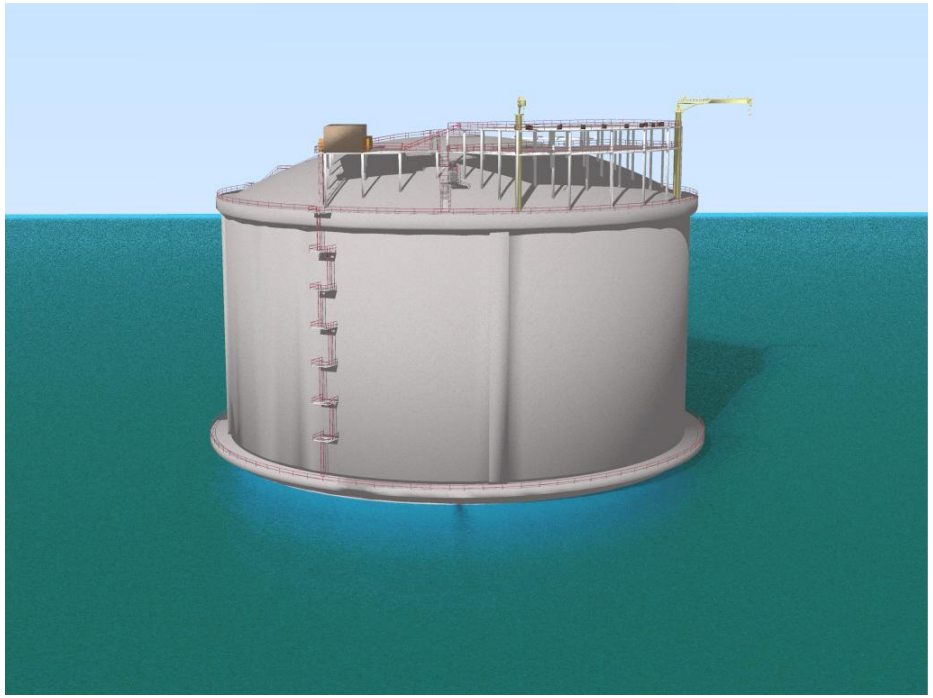

Methanol plant on concrete GBS

Combines two proven technologies

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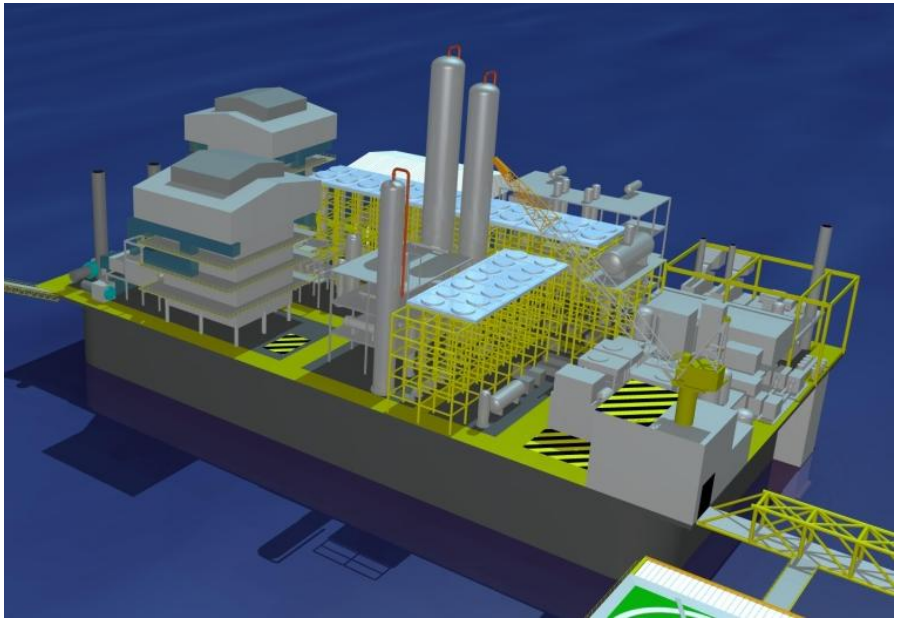


- Plant based on Davy Process Technology M5000 plant operating in Trinidad

- GBS builds on the experience from ExxonMobil's Adriatic Re-gas terminal

Economic enhancements

MEO's plan to enhance resource value

- Cooperative development? → Tassie Shoal development hub
- Accelerated liquids production? → Hub lowers threshold economics
- Economic disposal of contaminants → Sequestration into methanol
  - Sequestration revenue stream
- Lower development costs → Single module facilities
  - Pre-fabricated and pre-commissioned
- Reduce distance to processing → Tassie Shoal development hub
  - resolve environmental issues
  - seek compromises (mutual benefits?)
  - environmental approvals in place
  - willing to share infrastructure
- Improve technical confidence → Advanced seismic processing
  - reservoir studies and appraisal drilling
  - use proven technology
  - Acoustic impedance studies
  - Tassie Shoal LNG and Methanol
- Diversify Markets → LNG **and** methanol products

Tassie Shoal saves >US$1bn in capex

Study compared similar land based LNG plant

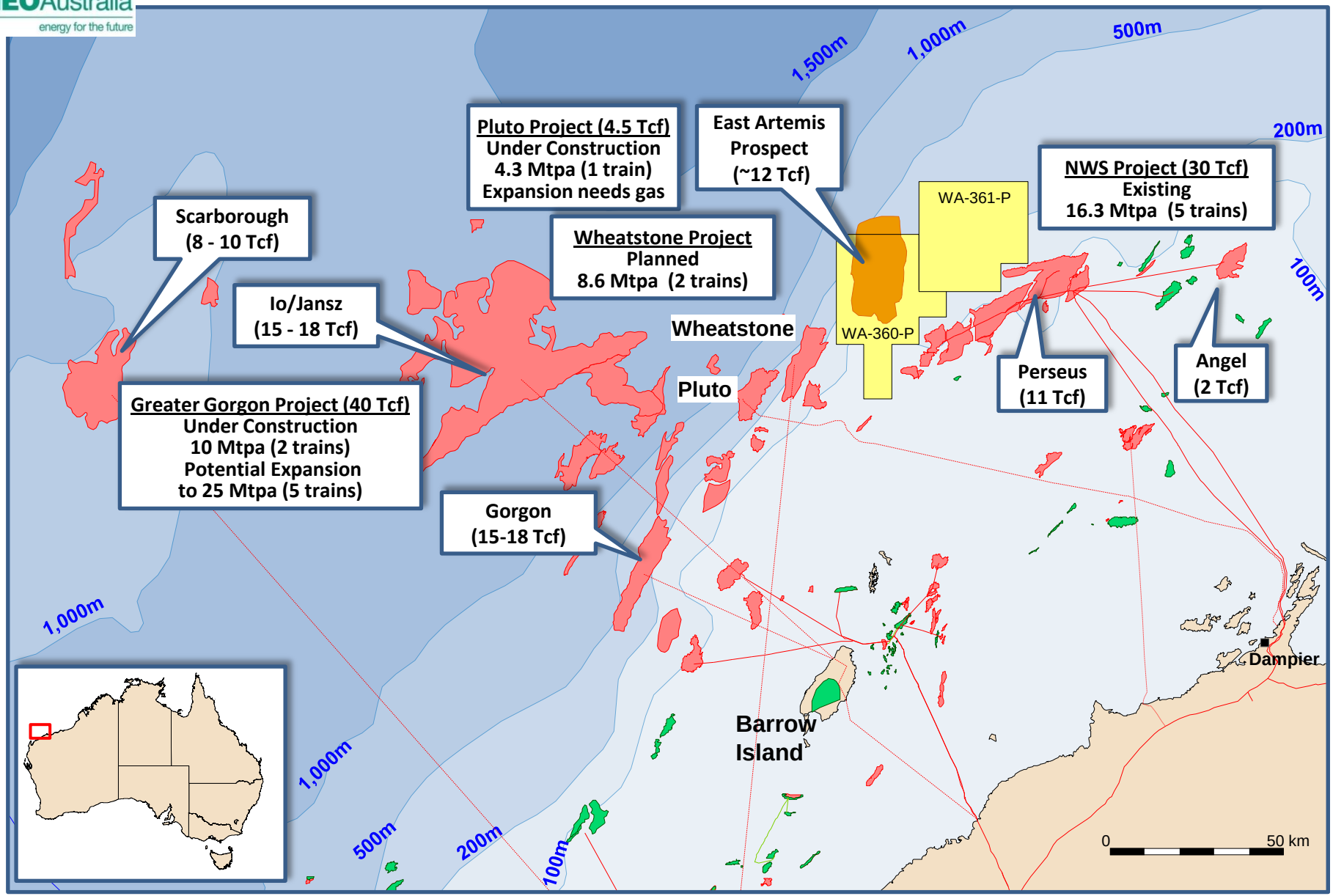
Estimated costs (US$M)	Darwin LNG	Tassie Shoal LNG	Potential Savings
Plant Costs	1,549 (WorleyParsons est)	1,090 (WorleyParsons est)	**459**
Pipeline *	943 (WorleyParsons data)	288 (WorleyParsons data)	**655**
LNG Tank	300 (MEO est)	330 (Arup est)	**(30)**
Loadout/Jetty	200 (MEO est)	277 (TORP est)	**(77)**
Project Development & Owners Costs (6.25%)	188 (same % as TSLNGP)	106 (Fluor/APCI/MEO est)	**82**
Total Project Cost	$3,180m	$2,091m	**$1,089m**

- Plant costs savings driven by lower SE Asian construction costs
- Pipeline cost savings estimates are distance related

* Based on pipeline from Greater Sunrise to Tassie Shoal vs Greater Sunrise to Darwin

Carnarvon Basin – THE LNG address!

MEO's acreage is located on trend with recent discoveries



Carnarvon Basin Development Drivers

Location, size & gas quality drives economics

Project	Capacity Mtpa	Discovered	Production Gas/LNG	Distance	Dry	Dirty	Deep
NWS Gas Project	16.3	1971	1984/1989				
Pluto I (in construction)	4.3 + 2? x 4.3	2005	2010/2011 2013, 2014				
Greater Gorgon (in construction)	10 + 3 x 5	1981	2014				
Wheatstone (in FEED – FID 2011)	10	2004	2016 ?				
Artemis Prospect (MEO 20%)	**?**	**2010?**	**?**				
Scarborough	6?	1979	?				

- Distance: - long distance from suitable processing site
- Deep: - significant water depth &/or reservoir depth
- Dry: - lack of significant hydrocarbon liquids
- Dirty: - presence of contaminants (e.g. CO_2)

New 3D's revealed ~12 Tcf* Artemis Prospect

DHI conformable with structure – similar to Perseus field

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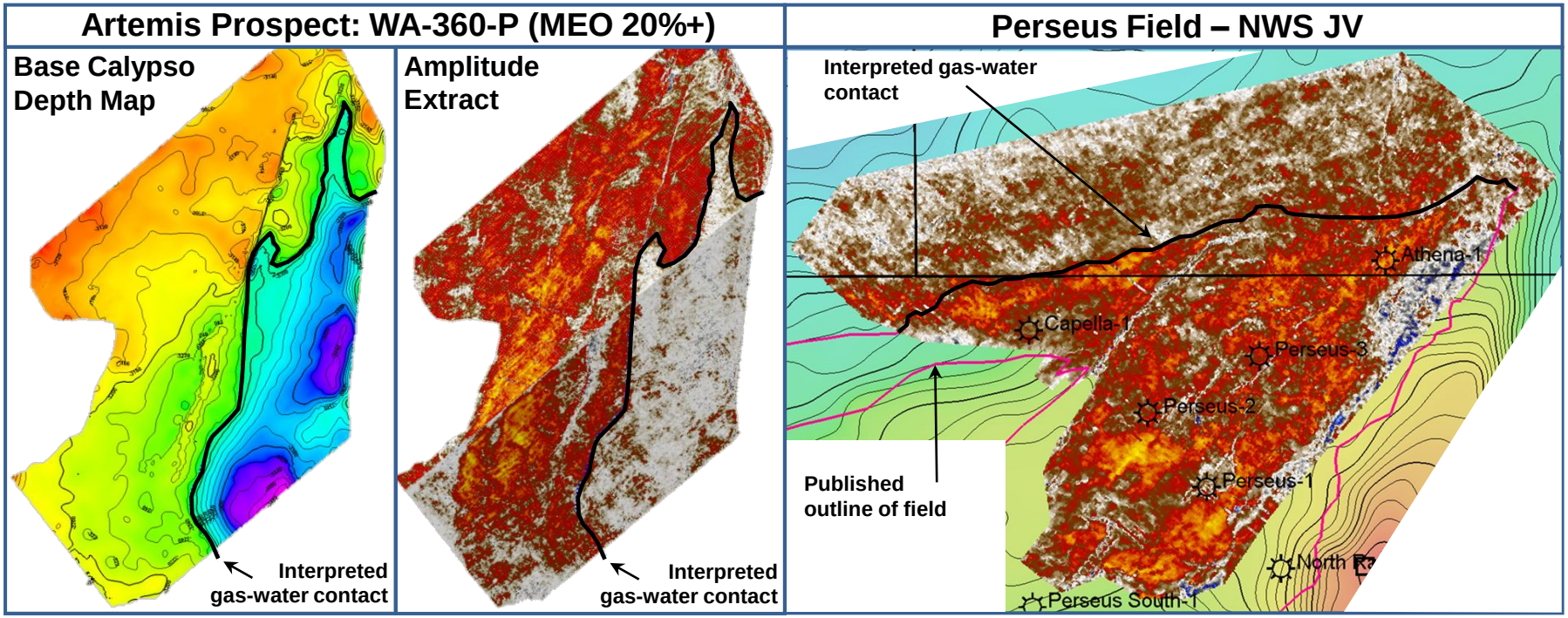

- * Estimated mean prospective recoverable resource
- + Post farm-out of 50% interest to Petrobras, subject to regulatory approvals
- Estimated Geological Chance of Success (GCOS) = 32%
- Gas quality expected to be similar to Pluto & Wheatstone
- Multiple monetisation options

Summary

Tailor the project to address the key development drivers

- **Discovering** gas in Australia is NOT the issue - **monetising** discovered gas IS
- **Challenge paradigms** - innovation does not automatically mean increased risks
- Consider **alternative markets** – LNG is not the only option
- **Mitigate risks**
  - Look to nature for solutions
  - Use existing/proven technology
  - Comprehensive studies before significant capital expenditure
- **Collaboration** can build a bigger pie for all stakeholders
- **Accelerating** developments enhances value for all stakeholders
- **Sequestration** is multi-dimensional eg geo/bio/chemical (eg methanol)
- **Tailor** solutions to address the geo-circumstances (including geo-political)