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BHP BILLITON SIGNS GAS SALE AND PURCHASE AGREEMENT WITH TXU ELECTRICITY

BHP Billiton, together with its joint venturer Esso Australia Resources Pty Ltd, today announced the signing of a substantial gas sale and purchase agreement with TXU Electricity Ltd (TXU).

The agreement is for the sale and purchase of 825 petajoules gross of Bass Strait gas to TXU in the period 2004 to 2017. First gas sales are scheduled to commence on 1 January 2004.

"This is a significant milestone for the Bass Strait joint venture involving one of the largest sales of Gippsland gas since long-term supply arrangements were entered into with the Victorian Government in the late 1960s," said Philip Aiken, President and Chief Executive Officer for BHP Billiton Petroleum.

Currently, the majority of gas entering the South Eastern Australia gas market is supplied under a long-term contract between BHP Billiton/Esso and the previously State Government owned Gascor. This contract is due to expire towards the end of the decade.

"The agreement is consistent with BHP Billiton's gas marketing strategy which is to increase our market diversification and secure new gas markets and volumes," Mr Aiken said.

In the 34 years since the BHP Billiton/Esso Bass Strait joint venture began production in October 1969, more than 3.5 billion barrels of oil and 5 trillion cubic feet of gas have been produced. Current production is around 120 thousand barrels per day of crude and condensate, and 570 million cubic feet per day of gas.

BHP Billiton and Esso are also continuing with exploration and production activity in the Gippsland Basin. In October the joint venture announced that it is planning to commence what is expected to be the largest combined exploration and production drilling program in the Gippsland Basin since the 1980s.

BHP Billiton has a 50 percent interest in the Bass Strait oil and gas project with joint venturer Esso Australia Resources Pty Ltd (50 percent, operator).

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