
ASX ANNOUNCEMENT

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NORTH WEST SHELF VENTURE APPROVES LNG EXPANSION

Work will begin immediately on expanding the North West Shelf Venture's onshore liquefied natural gas (LNG) facilities at Karratha in Western Australia following final investment decisions by all of the joint-venture participants.

The A\$2 billion Phase V expansion project will include a fifth train to process 4.2 million tonnes of liquefied natural gas a year and will increase the plant's capacity to 15.9 million tonnes a year.

The project, which is operated by Woodside Energy on behalf of BP, BHP Billiton, ChevronTexaco Australia, MIMI (a company that is ultimately owned by Mitsubishi and Mitsui) and Shell, will include additional processing facilities and associated infrastructure.

Site work will start in July 2005 and the project is expected to take approximately three years to complete with commissioning due to start around mid-2008 and first LNG cargoes planned from Q4 2008.

By mid-2007, the project's construction workforce is expected to peak at up to 1500 people.

Woodside's Director of North West Shelf Ventures, Jack Hamilton, said the expansion would bring significant economic and social benefits to the Pilbara region, Western Australia and Australia.

"Our plant will be one of the largest single LNG complexes in the Asia-Pacific region following expansion," Dr Hamilton said.

"The Venture's latest investment follows last year's successful commissioning of a fourth LNG processing train and second trunkline and, combined, these major projects will have enabled the Venture to effectively double its LNG capacity in approximately four years.

"As a result of the Venture's growth, Australia will continue to reap associated economic benefits through annual royalty payments which will exceed A\$800 million when the project is finished and operating at full production."

Dr Hamilton said the Venture's decision to continue investing was underpinned by long-term customer relationships and contracts and market opportunities in major growth regions including Japan, China, Korea and the United States.

"We remain confident that we will extend important relationships with our current long-term customers and secure new supply contracts with existing and new customers for LNG volumes," he said.

"We also believe that the timing of our project will enhance our marketing success and reinforce the Venture's current position as a safe and highly reliable supplier of LNG throughout the world."

Dr Hamilton said the Venture was committed to providing full, fair and reasonable opportunities for Australian industry in the expansion project.

"With the assistance of the Industry Capability Network Western Australia, the Venture has developed an Australian Industry Participation Plan for the project which will ensure local industry has the opportunity to tender on key procurement packages," Dr Hamilton said.

"It will also allow local suppliers to bid for lower-tier supply chain opportunities."

Australian companies and suppliers without specialist knowledge or with capacity limits will also be encouraged to form joint ventures with foreign companies to improve their competitiveness.

Woodside, as North West Shelf Venture Operator, will award the engineering, procurement and construction management contract for the expansion project to Foster Wheeler WA Pty Ltd and WorleyParsons Services Pty Ltd following a letter of intent agreed between the companies in February 2005.

The six equal participants in the North West Shelf Venture are Woodside Energy Ltd. (16.67%) (operator); BHP Billiton Petroleum (North West Shelf) Pty Ltd (16.67%); BP Developments Australia Pty Ltd (16.67%); ChevronTexaco Australia Pty Ltd (16.67%); Japan Australia LNG (MIMI) Pty Ltd (16.67%); and Shell Development (Australia) Proprietary Limited (16.67%).

CNOOC NWS Private Limited is also a member of the North West Shelf Venture but does not have an interest in North West Shelf Venture infrastructure.

NORTH WEST SHELF VENTURE

PHASE V EXPANSION

ECONOMIC BENEFITS

- Western Australian and Australian communities will continue to reap the financial benefits of the North West Shelf Venture which has contributed more than A\$4.95 billion in royalties over the past 20 years
- Annual royalties from the North West Shelf Venture will exceed A\$800 million following full production from the Phase V expansion
- The Pilbara region, and in particular the Shire of Roebourne, in Western Australia will benefit from anticipated local spending associated with expansion of approximately A\$220 million (total) over the next three years
- At peak production, the Phase V project will raise overall WA exports by at least A\$1 billion per annum

KEY COMPONENTS

The expansion project includes:

- A fifth LNG processing train
- An acid gas removal unit, with a single absorber (solvent aMDEA)
- A fractionation unit
- A jetty spur and second loading berth, turning basin and approach channel
- Two power generators
- A demineralisation water tank
- A boil-off gas compressor
- A fuel gas compressor
- Piping, electrical and instrument tie-ins
- Construction (and removal) of temporary facilities
- Construction of a new workshop and rotor store and,
- Reinforcement of the security gatehouse and visitors' centre.

KEY FACTS

- Major LNG customers
 - **Japan:** Tokyo Electric, Tokyo Gas, Osaka Gas, Chubu Electric Power, Chugoku Electric, Kansai Electric Power, Kyushu Electric Power, Tohoku Electric Power, Toho Gas, Shizuoka Gas
 - **Korea:** Korea Gas Corporation
 - **China:** The Guangdong Dapeng LNG Company Ltd
 - **Spot cargoes:** Customers include Shell Eastern LNG, Korea, Spain, United States
- LNG capacity
 - Trains 1, 2 and 3: 2.5 million tonnes a year each
 - Trains 4 and 5: 4.2 million tonnes a year each
 - Existing total: 11.7 million tonnes a year
 - Expanded total: 15.9 million tonnes a year
 - Export cargoes: 156 (2004)
 - Ships: 9
- Estimated capital investment
 - Train 5 and associated infrastructure: A\$2 billion
 - Existing total North West Shelf Venture: A\$14 billion
- Train 5 construction work force (peak): Up to 1500