



## **Gippsland Offshore**

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## **ASX Release**

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### **Gippsland Offshore Petroleum and BHP Billiton execute technology agreement**

- **GOP to apply FALCON® technology for oil and gas exploration on a global basis**
- **BHP Billiton retains the right to become GOP's partner in any FALCON® exploration play**
- **FALCON® to be applied in prospective basins where surface access or difficult geology limits the application of traditional methods**
- **GOP's first FALCON® survey to be flown in Jamaica commencing in April 2006**

Gippsland Offshore Petroleum Limited (GOP) is pleased to announce that it has signed an agreement with BHP Minerals International Exploration Inc (BHP Billiton) regarding access to the proprietary FALCON® airborne gravity gradiometer system for the purposes of oil and gas exploration. The agreement has a global scope and gives GOP the opportunity to develop exploration projects in areas where traditional seismic reflection methods have had limited application either because of difficult surface access or technical problems related to complex geology.

Gravity surveys remotely measure the subsurface distribution of rock density and allow the mapping of major structures and lithology changes in a basin. FALCON® provides GOP with the capability of acquiring detailed gravity data from the air, more rapidly and cost effectively than in the past, with minimum disturbance to the environment. GOP intends to deploy FALCON® as a technology to help prioritise areas for detailed seismic evaluation and also as a complement to the interpretation of the follow-up seismic data and depth interpretation.

FALCON® also provides GOP with the specific capability of gaining access to prospective oil and gas basins where exploration has been hampered by a lack of surface access or where technical challenges have led to limited success with other more traditional technologies. GOP initial FALCON® application will be on the company's Jamaican project, a joint venture with Finder Exploration Limited.

Seismic difficulties have previously prevented exploration of the offshore Walton basin which contains extensive reef plays and oil shows. The application of FALCON® was an integral part of the GOP/Finder proposal to the Jamaican Government which resulted in the award of the 11,500km<sup>2</sup> concession. The FALCON® survey covering approximately 6,000km<sup>2</sup>, will map basin structure and reef distribution, will commence in April 2006. It will cover areas with shallow water depths where there is widespread commercial fishing and where the practical application of seismic surveys is limited.

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The company is actively pursuing similar projects in other areas around the world.

Under the terms of the agreement with BHP Billiton, GOP will exclusively apply the FALCON® technology in defined areas of interest on a global basis. The two companies will work together to develop applications of FALCON® for oil exploration and jointly own the intellectual property derived. BHP Billiton, under pre-defined terms, will have the option to buy into projects in which GOP applies the FALCON® technology. BHP Billiton also has the right to match any farm-in proposal that GOP receives within a defined time frame.

GOP Chairman Phil Harman said "this agreement gives GOP a unique capability in the oil and gas exploration business. It is already bearing fruit through our Jamaica project where we were successful in acquiring the concessions in an international tender. We are very pleased to have a relationship with BHP Billiton that not only gives the company access to leading edge technology but also a significant partner in the event of a major discovery."

Key terms of the agreement:

1. GOP has exclusive rights to use FALCON® over 5 nominated areas of 100,000km<sup>2</sup> per year.
2. BHP Billiton will make the FALCON® system available to GOP at cost.
3. BHP Billiton has 2 defined points at which to participate in a project
  - a. When GOP commits to the FALCON® survey
  - b. When GOP decides to drill the first exploration well
4. If these options have been passed up, then BHP Billiton has the right to match or better any farm-in offer that GOP receives.
5. If BHP Billiton does not take equity then they shall receive a royalty on production at a rate determined by the equity that GOP holds in the block at the time.
6. If GOP does not retain any equity in the block then BHP Billiton will be entitled to 10% of the cash benefit GOP receives from disposal.
7. GOP and BHP Billiton will jointly pursue development of applications of airborne gravity gradiometry for oil and gas exploration and jointly own this IP.

**For further details please contact:**

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BHP Billiton Limited

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