

gas week brief

POLICY

Gas to new Energy Market Operator:

COAG has agreed to establish a single industry funded NEMO, for both electricity and gas, the NEMO's functions were to encompass: responsibility for the day to day operation and administration of the power system and electricity wholesale spot market in the National Electricity Market (NEM) (as currently performed by the National Electricity Market Management Company and the planned Gas Market Operator (GMO), as well as the new national transmission planning function.

Gas plans: COAG noted the MCE's progress in considering the establishment of a national Gas Market Operator (GMO). The GMO, if established, would be expected to subsume the gas market functions of VENCORP, the Gas Market Company (GMC) and Retail Energy Market Company (REMC), and have responsibility for the operation of a bulletin board and short term trading market for gas. COAG agrees with ERIG that the development of the NEMO should not delay implementation of these significant gas market development initiatives.

Reference: COAG National Reform Agenda, competition reform

ERIG supports gas spot market: The Gas Market Leaders Group (GMLG) recommendations offer worthwhile progress and are generally supported by the Energy Reform Implementation

Group, ERIG stated in a report.

Reference: Energy Reform: The way forward for Australia. A report to the Council of Australian Governments by the Energy Reform Implementation Group. January 2007 Produced by the Energy Reform Implementation Group. Contact: erig@industry.gov.au Department of Industry, Tourism & Resources 10 Binara Street, Canberra ACT 2601 website: http://www.erig.gov.au

National Transmission Planner: ERIG considered that there was merit in replacing the Regulatory Test with a two step process to guide efficient transmission investment, noted an Energy Reform Implementation Group report.

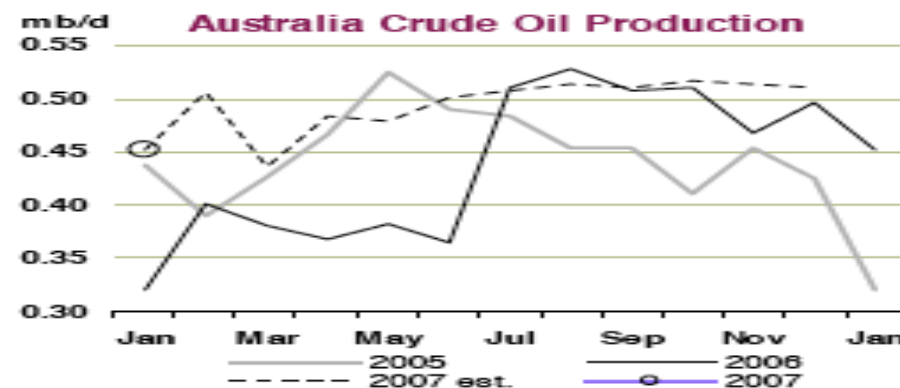
PRICE

Coal base load \$30/MWh; \$38 for gas:

The price of coal-fired base load is around \$30/MWh compared with around \$38/MWh for gas-fired generation - but this does not take account of existing price distortions around some fiscal arrangements in Australia and the greenhouse emissions differential between gas and coal, according to an Australian Petroleum Production and Exploration Association document.

Reference: Australian Petroleum Production and Exploration Association Limited, Questions and Answers: The Case For Gas. Website: http://

Storms cut s output but crude reverses years of decline



Crude output surge despite cyclone:

Final data for January show that the impact of cyclone Isobel on Carnarvon Basin production from Australia's offshore North West Shelf was greater than originally thought, reducing both the basins output and that for Australia as a whole by 45 kb/d. January crude output averaged some 450 kb/d, with gas liquids adding a further 90 kb/d. March too saw precautionary storm shut-ins with the passing of cyclones George, Jacob and Kara. North West Shelf output is estimated to have lost an average of 65 kb/d in March as a result. A further downward adjustment for Australia comes with revised official data for 4Q06 from the Bonaparte Basin.

All told however, the IEA Australian forecast remains little changed for 2007, with crude and gas liquids output increasing by 70 kb/d to 595 kb/d, reversing several years of decline and

showing the strongest growth since 2000. A full year of output from the Baskar Manta and Enfield projects, allied to expected start-up at the Puffin field, and an assumption of weakening cyclone impact henceforward, underpin the increase. This reports expectations for rising Australian crude supply over 2006-2008 lie close to recently published projections from Australia's Bureau of Agricultural and Resource Economics (ABARE), which envisage crude production of 480 kb/d in 2006/2007 and 560 kb/d in 2007/2008.

*International Energy Agency - Oil Market Report 44, 12 April 2007
www.iea.org*

www.appea.com.au

Gas prices amongst lowest in OECD:

This means that while domestic gas prices in Australia are amongst the lowest in the OECD and amongst the lowest in the world, it is the case that gas is more expensive than coal under existing policy settings.

Reference: Australian Petroleum Production & Exploration Association Limited, Questions and Answers: The Case For Gas. Website: <http://www.appea.com.au> Copyright, EWN Publishing 2007. To apply for syndication or re-use rights, please email publisher@erisk.net

Hydro drought good for gas: Snowy Hydro may run out of electricity water, mid to late May "With no forecast improvement to water inflows in the foreseeable future Snowy Hydro must act prudently to ensure that the water remaining in the Snowy Scheme was used in a balanced way for all stakeholders and that water was conserved for the coming winter and next summer".

5900 megawatts removed: Generator maintenance, reduced availability of hydro and coal-fired capacity because of the drought were the major reasons for a significant reduction in capacity offered at less than \$20 megawatts an hour (MWh) in the week to 8 April, the Australian Energy Regulator (AER) said in its weekly market analysis. The analysis said that planned reductions for generator maintenance, typical of this time of year, saw as much as 5900 megawatts (MW) of capacity removed from the market. This coincided with the

reduced availability of hydro and coal-fired capacity because of the drought, and the repricing of capacity for commercial reasons.

Reference: Australian Energy Regulator (AER) market analysis for week Sunday, 1 April to Saturday, 7 April. 17 April, 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. Website: <http://www.aer.gov.au>

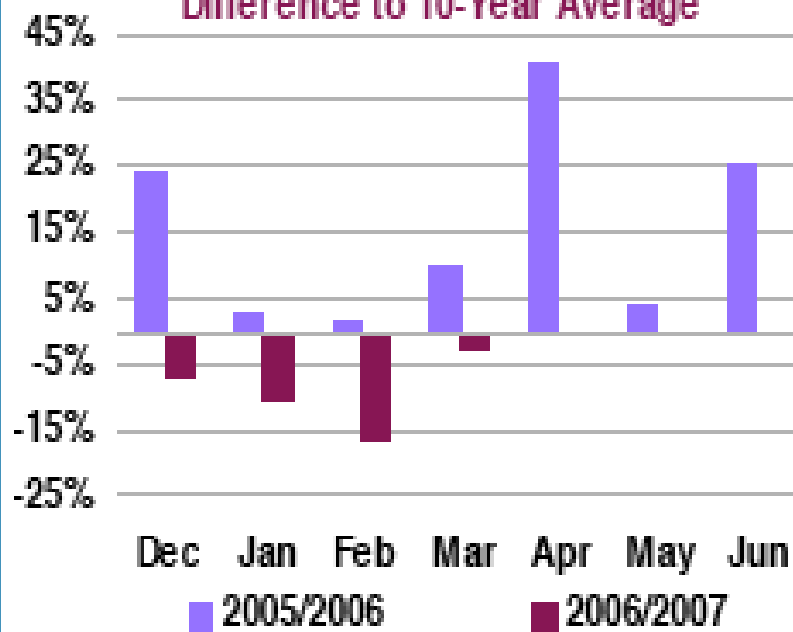
Greenhouse price risk: In the context of considering investment impediments, ERIG was struck by the significant concerns raised by market participants about market uncertainty in relation to possible future greenhouse gas abatement initiatives, according to an ERIG report.

Reference: Energy Reform: The way forward for Australia. A report to the Council of Australian Governments by the Energy Reform Implementation Group. January 2007 Produced by the Energy Reform Implementation Group. Contact: erig@industry.gov.au Department of Industry, Tourism & Resources 10 Binara Street, Canberra ACT 2601 website: <http://www.erig.gov.au>

Dollar 17-year high against \$US: A 10 per cent rise in the dollar - which wasn't far off, after the 7 per cent increase against the greenback in the past month - would lop about 3 per cent off profit growth this year. The list of those on the downside includes Iluka, BlueScope Steel, Newcrest, Zinifex, Woodside, Oxiana, Macquarie Goodman,

Hot six months in OECD Pacific

**Heating Degree Days - OECD Pacific
Difference to 10-Year Average**



Japanese kerosene demand slips: Preliminary data indicates that oil product demand in the Pacific declined by 4.9 per cent in February on an annual basis, due to weak demand for heating fuels (kerosene in Japan and other gas oil elsewhere) as a result of unusually mild temperatures across the region (HDDs were some 17 per cent lower than normal in February). Overall, jet/kerosene deliveries were down by 6.3 per cent

compared with the same month in the previous year, while those of other gasoil fell by 7.6 per cent.

As in Europe, the clement winter also curbed electricity demand, thus weighing down on fuel oil consumption (-21.4 per cent).

International Energy Agency - Oil Market Report 44, 12 April 2007
www.iaa.org

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Macquarie Infrastructure, QBE, Resmed, Caltex, Amcor, Ansell, Alumina and SIMS Group.

NORTHERN TERRITORY

Area NT07-1 details: Bids for the Troubadour Terrace, Bonaparte Basin Northern Territory, close on 18 October 2007.

Area NT07-2, NT: Bids for Money Shoal Basin, Northern Territory close on 18 October 2007

Areas NT07-3, NT07-4 and NT07-5, NT: Bids for Petrel Sub-basin, Bonaparte Basin Northern Territory close 17 April 2008.

QUEENSLAND

Origin takes Braemar to Darling:

Origin Energy was likely to delay or abandon plans for a \$1.2 billion power station at its Spring Gully coal seam gas fields in central Queensland in favour of a more profitable location closer to Brisbane, according to Stephen Wisenthal writing in *The Australian Financial Review* (23/4/2007, p.21).

Powerlink costs too high:

Government-owned electricity transmission company Powerlink has also doubled the cost of building a 240-kilometre power line to connect the Spring Gully plant to the state network. Origin now expects to decide by the end of next month whether to go ahead with the Darling Downs station, immediately next to the Braemar power plant.

CSM rush to prove up capacity: All the competitors in the industry have

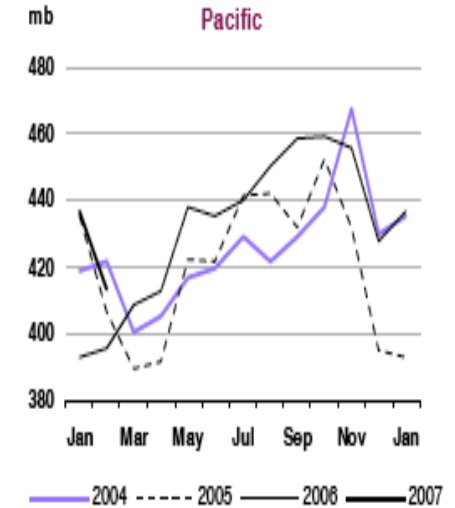
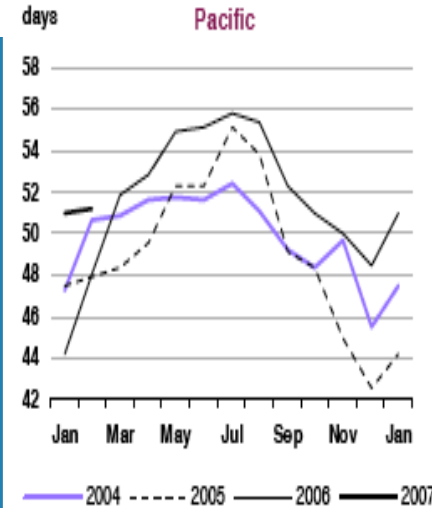
been rushing to prove up reserves to sell to gas customers, which were going to buy gas from Papua New Guinea, and tap increased demand for gas-fuelled power generation," Wisenthal concluded.

Roma to Brisbane Pipeline: Revised access arrangements come into effect from 12 April 2007. The Australian Competition and Consumer Commission (ACCC) made a further final decision under s.2.41(b) of the National Third Party Access Code for Natural Gas Pipeline Systems (code) to approve the amended revisions to the access arrangement for the Roma to Brisbane Pipeline (RBP) submitted by APTPL on 28 February 2007, according to an APT Petroleum Pipelines Limited release.

OKs higher initial capital base: ACCC had accepted APTPL's submissions that the appropriate approach under the code to address prior users' contributions to the cost of expansions to the RBP was through recourse, if necessary, to the dispute resolution process in s.6 of the code. Consequently the ACCC approved a higher initial capital base (\$296.4m) than it specified in the final decision (\$251.1m). This in turn resulted in a higher reference tariff and residual value than specified in the final decision. The revised access arrangements would come into effect on 12 April 2007.

Reference: APT Petroleum Pipelines Limited, ACN 009 737 393 Access Arrangement for Roma Brisbane Pipeline, Lodged with ACCC Under the national Third Party Access Code for

End-of-month industry stocks



Market movements: The Asia-Pacific regional crude market was shaped by sustained demand for grades rich in gasoline and naphtha. This, coupled with shuttered offshore production due to cyclones near Australia, prompted regional benchmark Tapis to rise in comparison to West and North African alternatives. Supplies of Middle Eastern Oman also tightened as Omani refineries returned from maintenance. Dated Brents premium

to Dubai approximately doubled from mid-March levels to around \$4/bbl, again on strong demand for light products. However, given Brents narrower spreads to similar light sweet grades, this did not significantly curb purchases of Atlantic Basin grades in the region.

*International Energy Agency - Oil Market Report 44, 12 April 2007
www.iea.org*

TASMANIA

Bell Bay Power "fire-sale price":

Hydro Tasmania has been accused of agreeing to sell the Bell Bay Power Station for a bargain price and fobbing off interested buyers, according to *The Mercury* (17/4/2007, p.14).

Natural Gas Pipeline Systems, 28 February 2007 Approved by ACCC 28 March 2007. This document is available at: <http://www.aer.gov.au/content>

\$30m Hydro-Alinta deal: In late March, Hydro agreed to sell the station and three gas turbines to energy giant Alinta for \$30 million. As part of the agreement, Alinta has also agreed to terminate a gas contract that was due to expire in 2019 a decade early, saving Hydro about \$45 million. At the announcement, Alinta welcomed the sale as an "outstanding outcome"

Marubeni Corp fobbed off: On 16 April 2007, Ron Hussey, a director of Worlonga Energy, said he had contacted Hydro on behalf of Marubeni Corporation, a Japanese energy company with interests in Australia. He "expressed an interest" for the station, but was told Hydro was already "a fair way down the track" with Alinta.

VICTORIA - SOUTH AUSTRALIA

Level five water cuts for SA: Water Security Minister, Karlene Maywald, said on 23 April that level-five restrictions would be introduced if drought conditions were not relieved by above-average rainfall across all catchments and valleys in the Murray Darling Basin during the next five to six weeks.

Vic cultural heritage plans: From next month, some developers will have to complete cultural heritage plans before getting planning permission for projects in Victoria, reported *The Age* (23/4/2007, p.4). At present, Aboriginal heritage is not dealt with until the construction stage. The Minister for Aboriginal Affairs, Gavin Jennings, said the new approach would give developers clarity over responsibility for

uncovering or damaging sensitive sites. He said between 15 and 20 per cent of Victorian land was deemed culturally sensitive.

Sth Gippsland Natural Gas gets OK: Jennings cleared the way this month for Alinta to proceed with the South Gippsland Natural Gas project when he granted consent "to damage or otherwise interfere with registered Aboriginal heritage places or objects". The Bunurong Land Council said archaeological testing had missed potentially significant sites along the 66 kilometres or pipeline, which will bring gas to 10,000 people in Lang Lang, Korumburra, Leongatha, Wonthaggi and Inverloch.

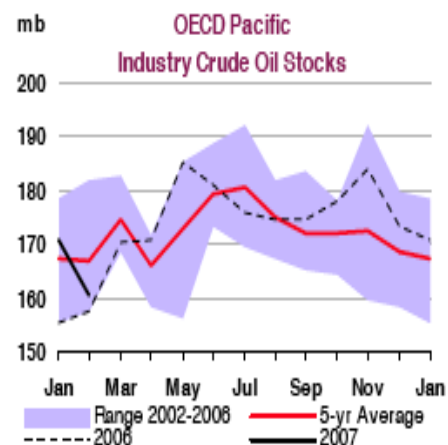
Otway delays: Woodside said it had completed the offshore platform and pipelines for the Otway Gas Project in Victoria, however continued delays in construction at the onshore gas plant have meant revised start dates. Otway is now essentially mechanically complete, with pre-commissioning work underway. Commissioning gas will begin flowing in early June, with sales gas following once commissioning is complete.

Basker, Manta Gummy sales-gas: The Basker, Manta and Gummy (BMG) reservoirs are currently estimated to contain 379PJ of sales quality gas and 39.8MMbbl of expected recoverable crude oil, according to an Anzon statement.

Reference: Anzon Australia Limited Integrated Field Development Project, EPBC Referral Submission.

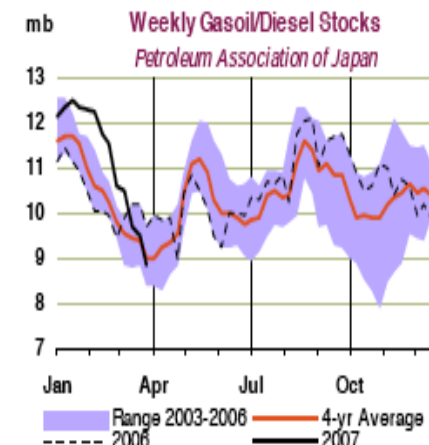
Reservoir gas 5.1mol pc CO2: The

OECD Pacific patterns



Crude inventories drags down OECD:

The OECD Pacific also saw a considerable stock draw of 22.9 mb in February. In this case, the fall was almost equally due to decreases in crude (-10.6 mb) and product inventories (-12.3 mb). Crude stocks are now at 160.5 mb slightly higher than one year ago, but at the bottom end of the five-year range. Crude inventories fell both in Japan and South Korea, by 6.1 mb and 4.4 mb respectively. Preliminary March data from the Petroleum Association of Japan (PAJ) show a slight crude stock build of 2.3 mb, reflecting the start of seasonal refinery maintenance in the OECD Pacific as well as some voluntary run cuts. Pacific product stocks in February fell by 12.3 mb, most of which was due to declining middle distillate levels. Middle distillate inventories drew by 10.6 mb, while gasoline dipped by only 1.1 mb, and fuel oil stocks inched up by 0.2



mb. Most of the product stock draw took place in Japan, where distillates fell by 8.9 mb. Korean product inventories fell by 1.7 mb, again largely driven by a decline in distillates. Preliminary PAJ data for March indicated a further downward trend in product stocks of 8.3 mb in Japan, as refiners reduced throughputs for maintenance. Kerosene inventories (for domestic heating), fell from unusually high levels at the beginning of 2007 to year-ago levels by the end of March, but remain at the upper end of their four-year range. The decline was helped by higher-than-average kerosene exports throughout February and early March.

*International Energy Agency - Oil Market Report 44, 12 April 2007
www.iaea.org*

average composition of gas from the reservoirs is 5.1mol per cent CO₂, minor concentrations of H₂S and has an approximate CH₄ content of 76.7mol per cent (Anzon, 2007b). Crude oil from the Basker reservoirs has an API gravity of between 38-41 degree API and Manta a gravity of 40.6-43 degree API and is waxy in comparison to the traditional 'Bass Strait' light crudes (Anzon 2007b).

Reference: Anzon Australia Limited Integrated Field Development Project, EPBC Referral Submission. Referring party: Peter Henderson, Chief Operating Officer, Anzon Australia Pty Ltd, Suite 504/164 Walker St, North Sydney, NSW 2060, ph: (02) 9922 7899, email: pjh@anzon.com.au Contact: Shire or East Gippsland, Ray Smith, Manager Strategic Planning

Protavia's pulp mill at Penola: Victoria has lost a \$650 million investment, the proposed pulp mill at Heywood in the state's southwest, to South Australia, reported *The Age* (24/4/07, p.2).

From Vic to SA: Protavia, the group behind the project, will now build the pulp mill at Penola, just across the border in SA. Protavia had planned to build two similar-sized pulp mills at Heywood and Penola for a total investment of \$1.3 billion, but said rising costs had forced it to abandon the Victorian site. Roche said Penola had been chosen due to big advantages in infrastructure costs, such as existing electricity and gas connections. Further approvals would be required from the SA Government if the Penola mill was to expand beyond its original size, he said.

WESTERN AUSTRALIA

North West Gas (Quarter 1 2007) up:

For Quarter 1 2007, domestic gas production increased due to higher customer demand, while oil production decreased due to higher cyclone activity. Reference: Woodside first quarter report for the period ended 31 March 2007.

Enfield up, everything else down:

Production of 45,871bbl per day (Woodside share: 27,522bbl per day) was higher than the previous quarter of 39,892 bbl per day (Woodside share: 23,935bbl per day) due to the benefits of water injection support within the reservoir being realised. As previously reported ENA-03 remains shut in, with intervention scheduled for mid May.

Domestic Gas production higher:

Production of 612TJ per day (Woodside share: 275TJ per day) increased from 535TJ per day (Woodside share: 261TJ per day) in the previous quarter due to higher customer demand.

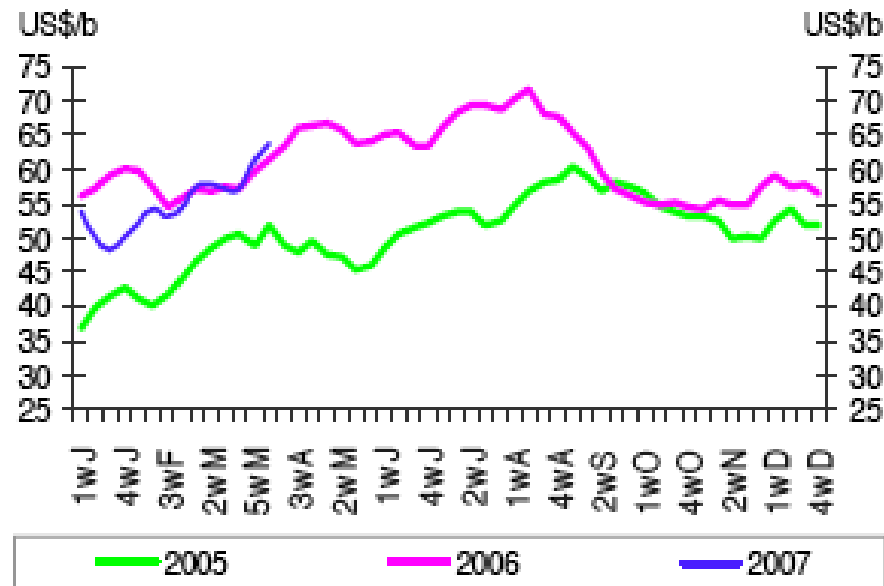
LNG production lower: Production of 33,660 tonnes per day (Woodside share: 5,376 tonnes per day) was lower than the previous quarter of 35,493 tonnes per day (Woodside share: 5,666 tonnes per day) due to reduced production with warmer seasonal conditions and production restrictions as a result of tropical cyclone activity.

Condensate production lower:

Production of 101,554 bbl per day (Woodside share: 22,415 bbl per day) was lower than the previous quarter of 105,617 bbl per day (Woodside share: 23,462 bbl per day) due to the shutdown of Stabiliser 1 for cleaning,

OPEC: Weekly spot crude price

: OPEC Reference Basket - weekly spot crude



Price rise: The Basket closed the final week in March 7.5 per cent or \$4.27 higher to settle at \$61.58/b after peaking at \$63.46/b, the highest level since early September. In March, the OPEC Reference Basket rose by 7.38 per cent to \$58.47/b from \$54.45/b in February. In real terms (base July 1990=100), after accounting for

inflation and currency fluctuations, the Basket price rose by \$2.3/b or 6.3 per cent to \$39.09/b from \$36.76/b. The value of the dollar fell by 0.96 per cent as measured against the import-weighted modified Geneva I +US dollar basket

OPEC Monthly Oil Market Report, April 2007, www.opec.org

lower gas rates and production restrictions during seasonal cyclonic period.

LPG: Production of 2,562 tonnes per day (Woodside share: 413 tonnes per day) was lower than the previous quarter of 2,575 tonnes per day (Woodside share:

415 tonnes per day) due to lower gas and condensate rates.

Cossack Pioneer production lower: Production of 76,615 bbl per day (Woodside share: 12,769 bbl per day) was lower than the previous quarter of 87,587 bbl per day (Woodside share:

14,598 bbl per day) due to tropical cyclone activity.

Larninaria. Corallina production dip:

Combined production of 21,292bbl per day (Woodside share: 13,828bbl per day) was lower than the previous quarter of 24,762bbl per day (Woodside share: 16,028bbl per day) due to natural reservoir decline.

Legendre production lower:

Production of 4,811bbl per day (Woodside share: 2,210bbl per day) was lower than the previous quarter of 6,548bbl per day (Woodside share: 3,008bbl per day) primarily due, to significant cyclone disruption in March. Woodside completed the sale of its interest in the Legendre production licence and adjacent exploration acreage in March and will now seek government approval and registration. Woodside will continue to act as operator on an interim basis until responsibility for day to day operations can be completely handed over.

Mutineer-Exeter production lower:

Production of 37,473 bbl per day (Woodside share: 3,073 bbl per day) was lower than the previous quarter of 43,930 bbl per day (Woodside share: 3,602 bbl per day) due to significant tropical cyclone disruption. The sharp production decline seen in 2006 has been arrested, and the fields are performing strongly with stable production of around 46,000 bbl per day.

LNG 5 Karratha ready May 2007: The project remains on schedule for LNG shipments in Q4 2008.

Perseus progress: Work is progressing

towards a Q3 2007 start-up. Subsea installation activities are well advanced with completion expected in Q2 2007.

Angel Project Q4 2008 start-up: The project is on schedule for a Q4 2008 start-up. Drilling activities are progressing and work is continuing on jacket fabrication in China and topsides fabrication in Malaysia.

Otway Gas Project nears operation: Project execution is well advanced with offshore activities complete and the onshore plant essentially mechanically complete with pre-commissioning activities underway. Commissioning gas will be introduced into the plant in early June and sales gas will follow once

Stybarrow Oil Project early 2008 start-up: The project is on schedule for an early 2008 project start-up. Drilling activities continue and offshore installation of the mooring system have commenced. The Stybarrow FPSO vessel is in a Singapore shipyard where topsides and turret installations are progressing.

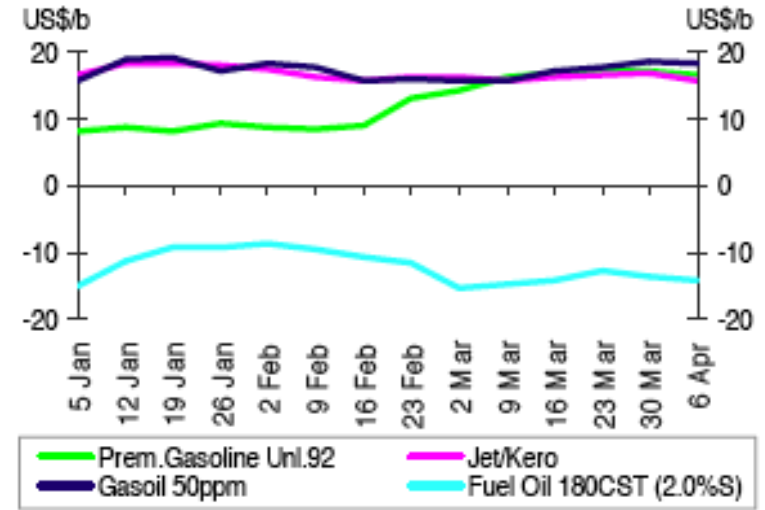
Pluto preparatory work has started: Site preparation is underway on the Pluto LNG tank site (Site A), with bulk earthworks currently in progress. Ministerial consent has been granted under the WA Aboriginal Heritage Act for development on the Pluto LNG plant site (Site B).

No damage to rock art: On the LNG tank site, relocation of the rock art engravings has been successfully completed, with no damage to rock art.

Contact: Roger Martin. Phone: (08) 9348 4591. Mobile: 0413 018 674. Email: roger.martin@woodside.com.au

Recent Developments in Singapore Stocks

Graph 23: Singapore crack spreads vs. Dubai, 2007



Napatha growth slows: In the high-sulphur fuel oil market, spot prices have improved sharply in March, but its crack spread against Dubai remained wide. A combination of refinery maintenance, higher demand and lower supply may provide further support to the Asian fuel oil market over the next two month.

Apart from gasoline, the naphtha market also helped to drive the Asian product markets. With rising Indian exports and the approaching cracker maintenance period, the bullish momentum of the naphtha market has eased recently, but market players believe that it might rebound in the second half of the year.

The Asian distillate market, which has been negatively affected by the unusually warm weather, also turned slightly bullish due to steady Indonesian demand and the expected refinery maintenance, which could tighten regional supplies. This situation has lent support to the gasoil price, and its crack spread versus Dubai soared by about \$3/b, reaching \$18.69/b in the last week of March.

OPEC Monthly Oil Market Report, April 2007, www.opec.org

International Energy Agency - Oil Market Report 44, 12 April 2007 www.iea.org

WESTERN AUSTRALIA - EXPORT

LNG choo-choo: "In regard to a

possible Pluto Train 2 and 3, Browse Train 1 and 2 or Sunrise Train 1, Woodside currently maintains a neutral

view on the likely order of these developments. The order will be determined by final investment decisions, made according to the merits of each development.

Woodside bows to WA domestic plan:

In response to the Western Australian Government's consultation paper on this issue, Woodside supported the industry's submission that a reservation requirement on LNG export projects could reduce their competitiveness.

But Woodside accepts 15pc:

Nevertheless, the Government has proceeded with a gas reservation policy. Accordingly, Woodside has informed the Government that it accepted the policy and would commit to marketing and making available for sale an equivalent of 15 per cent of the produced LNG from its Pluto development. This commitment will only begin five years after the first LNG is produced at Pluto, or after 30 million tonnes are produced, whichever is the earlier. Only if commercially viable: Importantly, the State has agreed that Woodside will not be required to supply domestic gas if it is not commercially viable for us to do so. Woodside will meet and negotiate in good faith an appropriate test of commercial viability.

Pluto fastest LNG: Pluto is on track to become the world's fastest LNG project from discovery to production, according to Woodside. (Reference: Woodside Petroleum Ltd 36th general meeting, 19 April 2007, said managing Director and Chief Executive Officer Don Volte, in a company report.

Dry gas estimate of 4.1 trillion c ft:

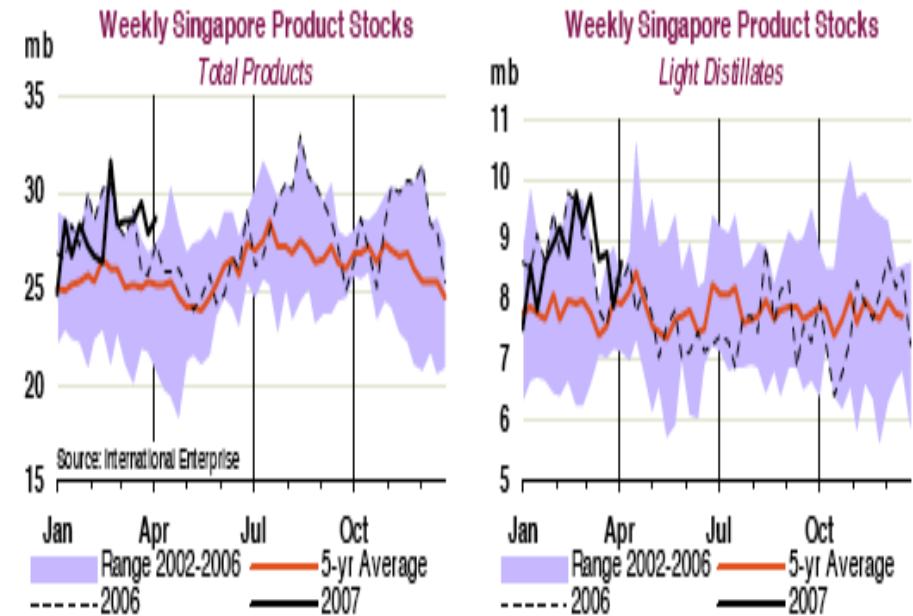
Our appraisal studies support the revised dry gas estimate for Pluto of 4.1 trillion cubic feet. Last September Woodside also discovered Xena with a contingent resource estimate of 0.4 trillion cubic feet, which it planned to incorporate within the Pluto development.

LNG for Kansai and Tokyo Gas: Over the past year Woodside has matured its development studies, selected its design concept and awarded the front end engineering, design and long lead item contracts to remain on track to supply LNG to its Japanese customers, Kansai Electric and Tokyo Gas, from late 2010.

Burrup LNG Park: Following extensive heritage, environmental and technical assessments, it secured land leases on the Burrup Peninsula for the construction of a new "Burrup LNG Park". Here it aimed to process gas from Pluto, Xena and other regional fields, thereby establishing a new LNG hub that will help maximise the competitiveness of Australian LNG. Woodside is obtaining permits for production of 12 million tonnes per annum, which will allow for two or three LNG trains.

North West Cape hub: Woodside's aspiration of developing an oil production hub in the deep waters off North West Cape took a major step forward with the start of production at Enfield in July 2006, Vincent and Stybarrow production starts by 2008. Work was progressing well on the company's 60 per cent interest in the Vincent oil project and its 50 per cent interest in the Stybarrow oil project.

Singapore's oil product stocks fall marginally



International Energy Agency - Oil:

According to International Enterprise, total oil product stocks held in Singapore fell marginally by 0.2 mb in March, and remain slightly above their five-year average range. A 1.0 mb draw in light distillate inventories was balanced by increases in middle distillate and fuel oil levels of 0.5 mb and 0.4 mb respectively. India has raised naphtha exports in April, which has reduced market tightness, even though petrochemical demand remains strong in the region.

Vincent and Stybarrow are expected to be producing in 2008 and, with Enfield, will make this region a major oil production hub for Woodside and

High-sulphur fuel oil (HSFO) prices in Singapore have risen compared with Rotterdam since mid-March, and could attract more imports from Europe as refiners there ramp up production after maintenance.

Three million tonnes are reportedly booked to arrive in April, but only in the latter half of the month.

*Market Report 44, 12 April 2007
www.iea.org*

Australia.

Enfield production increase plans: In the coming months Woodside will be undertaking a Phase 2 work plan at

Enfield to increase production, following the unexpected mechanical failure of our largest oil producing well less than three months after field start-up. Even with this problem, in nine months more than 12 million barrels of oil were produced from Enfield.

Woodside sells Legendre licence:

Lanninaria-Corallina and Legendre oil production was above expectation in 2006. In managing the oil asset portfolio, Woodside entered into an agreement in February 2007 to sell its interest in the Legendre production licence and most of the surrounding exploration acreage. The Legendre field has served Woodside well since production started in 2001, but is now approaching the end of its field life and does not fit into Woodside's wider business portfolio.

WESTERN AUSTRALIA - ONSHORE

Woodside reservation "a joke":

Woodside Petroleum chief executive Don Voelte has attacked the West Australian government's gas reservation plan, saying it was an "absolute joke" and served mainly to subsidise companies like BHP Billiton and Rio Tinto, reported *The Australian Financial Review* (20/4/2007, p. 70). "The gas goes to companies like Alcoa, BHP and Rio Tinto," he said. "You don't see coal being put aside for domestic use. Gas is the only thing that is required to be withheld in Western Australia."

Miners benefit from discount gas:

The big miners secured gas at discount prices and were able to sell their alumina, iron ore and other products at high global prices, he said. "They ought

to be able to pay a going rate for gas," Mr Voelte said. "Selling it for less than a going rate is not the best use of our natural resources. "Shareholders from Woodside shouldn't subsidise BHP and Rio and everyone else."

Woodside wants export prices: The gas industry expects to receive an internationally competitive price for its gas where that gas comes from an export facility. This is the market philosophy that is applied to other resource industries including iron ore, coal and alumina.

Reference: Woodside Petroleum Ltd 36th general meeting, 19 April 2007. Report by managing Director and Chief Executive Officer Don Voelte. website: <http://www.woodside.com.au>

LAW

Alinta broke corporate laws: The mess left behind by former Alinta chief executive Bob Browning continues to mount after the Perth utility was found to have broken corporate laws for its raid on the Australian Pipeline Trust register last year, according to *The Australian* (21/4/2007, p.35).

Alinta breached section 606: In a ruling which mirrored a decision by the Takeovers Panel last year, the Federal Court on 20 April said Alinta breached section 606 of the Corporations Act when it snapped up a 10.25 per cent of APT in August.

higher production and sales from the corresponding quarter in 2006 but lower from the previous quarter, and progress in the development of the North West

Shelf Venture.

Reference: Woodside First Quarter Report for the period ended 31 March 2007.

CO2 DUMPS

Promote CO2 dumps says Woodside:

"For some time now we have considered the reduction of greenhouse gases, when compared to business as usual, as a business priority. We accept our responsibility to reduce the emissions in relation to production by maximising our resource-use efficiency. We also support the ongoing development of carbon capture and storage technology".

Woodside says LNG part of answer:

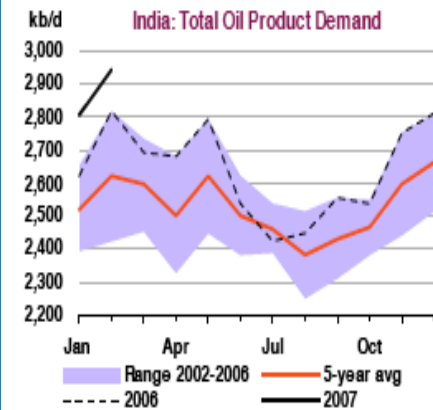
"We aim, however, to have the contribution of natural gas to the global emissions reduction effort recognised, particularly as LNG displaces the use of fuels like coal and oil in the importing country. To this end, we recognise that Woodside can make a significant positive contribution to world wide greenhouse gas and climate change issues by bringing on LNG projects quickly and successfully".

Reference: Woodside Petroleum Ltd 36th general meeting, 19 April 2007. Report by managing Director and Chief Executive Officer Don Voelte. website: <http://www.woodside.com.au>

Rio Tinto big player in CO2 dumps:

Chris Renwick, chair of Coal & Allied, while addressing the annual general meeting on 20 April 2007 said through Rio Tinto, Coal & Allied was supporting FutureGen in the United States aimed to install a 250 megawatt gasification power station with integrated hydrogen production; carbon capture and storage

Oil demand revised



There were reports that Shell plans to double LNG imports into its 2.5-mt/y Hazira terminal this year, having secured new customers willing to pay international gas prices. Naphtha demand, albeit vigorous, was weaker than previously estimated. Naphtha sales rose by 7.3 per cent year-on-year in January, and by 3.7 per cent in February, suggesting that industrial users are burning more natural gas. As such, naphtha demand is likely to resume its slow decline. Given these revisions, we have marginally increased our 2007 forecast. Indias total oil product demand is now expected to rise by 3.4 per cent to slightly above 2.7 mb/d.

International Energy Agency - Oil Market Report 44, 12 April 2007 www.iea.org

as a prototype demonstration of zero emission coal fired technologies; and Australia's first carbon capture and storage demonstration project currently underway in Victoria's Otway Basin region.

Reference: Chairman's Address Annual General Meeting on 20 April 2007. Coal & Allied Industries Limited Level 3 - West Tower, 410 Ann Street, Brisbane Qld 4000 Australia Ph + 61 7 3361 4200 Fax + 61 7 3361 4370. Media Enquiries: Nicole Ireland 0409 207 672, Investor Enquiries: Susie Creswell, Dave Skinner 03 9283 3639 / 0418 933 792 03 9283 3628 / 0408 335 309. website: <http://www.coalandallied.com.au/common/downloads/newsroom/pressreleases/Chairmansaddress20Apr07.pdf>

VICTORIA LICENCES OFFERED

Areas V07-1, V07-2 and V07-3: Bids for Gippsland Basin, Victoria close on 18 October 2007.

WESTERN AUSTRALIA LICENCES OFFERED

W07-18, W07-19, W07-20 and W07-21: Bids for Beagle Sub-basin, Carnarvon Basin Western Australia close on 17 April 2008.

W07-16 and W07-17: Bids for Exmouth Plateau, Carnarvon Basin Western Australia close on 18 October 2007.

W07-12, W07-13, W07-14 and W07-15: Bids for Offshore Canning Basin, Western Australia close on 17 April 2008.

W07-8, W07-9, W07-10 and W07-11: Bids for Yampi-Leveque Shelf, Browse Basin Western Australia close on 17 April 2008.

W07-8, W07-9, W07-10 and W07-11: Bids for Yampa - Leveque Shelf, Browse Basin Western Australia close on 17 April 2008.

W07-5, W07-6 and W07-7: Bids for Caswell Sub-basin, Browse Basin Western Australia close on 18th October 2007.

W07-5, W07-6 and W07-7 details: Bids for Caswell Sub-basin, Browse Basin Western Australia close on 18th October 2007.

W07-4: Bids for Petrel Sub-basin, Bonaparte Basin Western Australia close on 18 October 2007.

W07-1, W07-2 and W07-3: Bids for Londonderry High, Bonaparte Basin, Western Australia close on 18 October 2007.

PRECEDENTS

Indonesian court acquits Newmont: An Indonesian court has acquitted a US executive and his company, Newmont Mining, of dumping dangerous levels of toxins in a bay and making villagers ill, reported *The Australian* (25/4/2007, p.25). Newmont executive Richard Ness faced a maximum 10 years jail and a US\$60,000 (\$72,000) fine. Presiding judge Ridwan Damanik told the Manado District Court that evidence presented in the 20-month criminal trial proved that waste rock dumped in the water by Newmont's now defunct mine on

Sulawesi island did not violate government health standards. "A guilty verdict would, of course, affect the investment climate," Witoro Soelarno of Indonesia's Energy & Mineral Resources Department said before the verdict.

CSM

Santos pondage of CSM drill water: Santos would establish a management committee to consult with stakeholders, review the information gathered and examine emerging water management technologies. The committee will ultimately draft a strategic plan for managing produced water in a way that would reduce costs and environmental and social impacts, according to Santos Sustainability Report 2006.

Plan to pump underground: Santos had successfully trialed the injection of produced water into fractured rocks more than a kilometre underground at its Fairview coal seam gas field in southern Queensland. In doing so, the company had adopted a strategy that, at current injection levels, will stop the equivalent of five tonnes of salt a day entering the Dawson River system.

Reference: Santos Sustainability Report 2006, website: <http://www.santos.com.au>

Flow of Qld CSM gas via Moomba: Jon Young, Santos' executive vice-president of operations said on 15 April 2007 that the price points between rising market prices for gas and the gas price required to move Queensland CBM gas through the group's Moomba hub in South Australia into the south-east markets were "close to being aligned", reported

The Age (16/4/2007, p.3).

Ballera gas plant modification: The ability to move CBM gas through the Moomba hub has been made possible by an \$8 million modification at the group's Ballera gas plant in south-west Queensland. The modification allows the flow in the Ballera to Wallumbilla pipeline in Queensland to be reversed.

Fairview \$150m expansion: Santos also recently completed a \$150 million expansion at Fairview, lifting its capacity from 27 terajoules a day to 5s terajoules a day.

PNG

Single-train LNG output in early 2013: According to Nigel Wilson, energy writer for *The Australian* (12/4/2007, p.21), - ExxonMobil - with Australian-listed Oil Search and Santos had agreed to take part in a \$US60 million (\$73 million) pre-feasibility study to tap PNG's gas reserves for a new export LNG project. Santos has agreed to pay Oil Search \$US9 million for data from the PNG Gas Project FEED studies. The joint venturers in the Hides, Angore and Juha fields have also agreed to reimburse ExxonMobil for a proportionate share of the costs incurred so far in evaluating the LNG project.

TIMOR LESTE

Aus issues licence in Timor waters: For Areas AC07-1, AC07-2, AC07-3, AC07-4 and AC07-5 details: Bids for Ashmore Platform, Bonaparte Basin, Territory of Ashmore and Cartier Islands

close on 18 October 2007. East Timorese has a claim in this area.

East Timor, Aust both claim waters:

In 2003, East Timor declared an exclusive economic zone and continental shelf extending two hundred nautical miles from its baselines which overlaps with AC07-1 to 5 (see AC07-1 to 5 map) and NT07-1. Australia does not recognise the East Timorese claim to the extent that it overlaps areas over which Australia exercises jurisdiction. Australia has exercised exclusive sovereign rights over these areas for an extended period of time, and has notified East Timor that it will continue to do so. Upon its entry into force, the Treaty on Certain Maritime

Arrangements in the Timor Sea (CMATS Treaty), signed on 12 January 2006, would oblige East and Australia to refrain from asserting or pursuing, in relation to the other Party, claims to sovereign rights, jurisdiction or maritime boundaries for 50 years. Under the CMATS Treaty, Australia will continue regulating and authorising petroleum activities outside the JPDA and south of the 1972 Australia-Indonesia seabed boundary.

Sunrise IUA ratified: On 23 February 2007, the governments of Timor-Leste and Australia ratified the treaty on Certain Maritime Arrangements in the Timor Sea (CMATS). The Timor-Leste

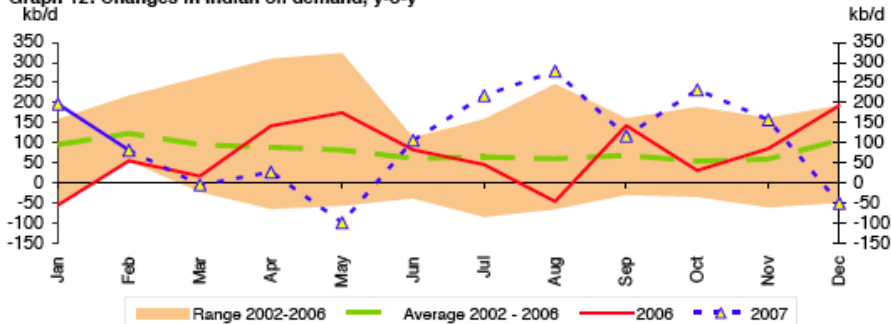
Government also ratified the International Unitisation Agreement (IUA), Australia having previously ratified this agreement in 2004. Ratification of both treaties brings into force the legal and regulatory framework required by the Sunrise Joint Venture to reconsider development of the Greater Sunrise gas fields.

Greater Sunrise open for business:

The recent ratification of the International Unitisation Agreement and the Treaty “now enables Woodside and our joint venturers to recommence development activities on the Greater Sunrise gas resource”.

5.13pc yearly India oil demand growth pattern

Graph 12: Changes in Indian oil demand, y-o-y



Weather weakens Indian oil lust:

Rainy weather disrupted transportation activities in Northern India, causing the demand for diesel to weaken in February. Indian diesel demand grew by a mere 9,000 b/d in February year-on-year. This weak demand for diesel reduced total oil demand growth sharply. India's oil demand grew by only 82,000 b/d or

2.9 per cent in February, as opposed to 7.54 per cent in January year-on-year. In the first two months of the year, Indias oil demand grew by 139,000 b/d or 5.13 per cent year-on-year to average 2.86 mb/d.

OPEC Monthly Oil Market Report, April 2007, www.opec.org