

STATE OF WESTERN AUSTRALIA
Petroleum (Submerged Lands) Act 1982

NOTICE OF INTENTION TO GRANT RENEWAL OF PETROLEUM

RETENTION LEASE TR/5 – APPLICATION NO. 1T/07-8

I, **WILLIAM LEE TINAPPLE**, Executive Director Petroleum and Environment Division in the Department of Mines and Petroleum , as delegate of the Minister for Mines and Petroleum in the State of Western Australia,

hereby offer to

BHP Billiton Petroleum (North West Shelf) Pty Ltd
Level 45, 152-158 St Georges Terrace, PERTH WA 6000

BP Developments Australia Pty Ltd
of Level 29, The Tower, Melbourne Central, 360 Elizabeth Street, MELBOURNE
VIC 3000

Chevron Australia Pty Ltd
Level 24, QVI Building, 250 St Georges Terrace, PERTH WA 6000

Shell Development (Australia) Proprietary Limited
Level 28, 250 St Georges Terrace, PERTH WA 6000

Woodside Energy Ltd
of Woodside Plaza, 240 St Georges Terrace, PERTH WA 6000

a retention lease for petroleum in respect of the blocks described hereunder, being blocks within the abovementioned Territorial offshore area, subject to the conditions set out hereunder to have effect for a period of five (5) years.

INTERPRETATION

In this document, "the Act" means the *Petroleum (Submerged Lands) Act 1982* and includes any Act with which that Act is incorporated and words used in this document have the same respective meanings as in the Act.

The lessee shall at all times comply with:-

- (a) the provisions of the Act; and
- (b) all directions given to him under the Act and all regulations for the time being in force under the Act.

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Your application for a petroleum retention lease will lapse 30 days after the date of service of this instrument, or after the expiration of such further period as the Minister allows, unless you make a request under sub-section (4) of Section 38G of the Act for the grant of the lease.

DESCRIPTION OF BLOCKS

The reference hereunder is to the name of map sheet of the 1:100 000 series prepared and published for the purposes of the *Petroleum (Submerged Lands) Act 1982* and to the numbers of graticular sections shown thereon.

BRUNSWICK BAY MAP SHEET

Block No.	Block No.	Block No.	Block No.
6678 T	6749 T	6750 T	6751 T
6752 T	6753 T	6821 T	6822 T
6823 T	6824 T	6893 T	6894 T
6895 T			

Assessed to contain **13** blocks.

CONDITIONS

During the term of the retention lease, the lessees shall carry out the minimum work requirements specified below in, or in relation to the retention lease area, to a standard acceptable to the Minister:

- (1) Within 120 days of this Notice of Intent to grant this retention lease renewal by the Joint Authority, the lessee shall select the development concept likely to be commercially viable at the earliest time. This shall be the concept whereby gas is processed at the Kimberley LNG precinct unless the lessee can demonstrate to the satisfaction of the Joint Authority that an alternative development concept is likely to be commercially viable at an earlier time.
- (2) The lessee shall prepare and submit a report to the Joint Authority on progress against barriers to commercialisation within 30 days of the completion of Year One of the retention lease period.
- (3) The lessee shall prepare and submit a re-evaluation of commercial viability of petroleum production from the Browse Title Areas to the Joint Authority within 30 days of completion of Year Two of the retention lease period.
- (4) The lessee shall undertake activities to achieve the earliest commercialisation of petroleum from fields within the Browse Title Areas. The lessee shall actively seek to remove the barriers to commerciality to achieve the earliest start-up including undertaking sufficient studies and work, and gathering sufficient information to place the Lessee in a position to apply for a Production Licence and make a final investment decision within 180 days of commencement of Year Three of the retention lease term.

The lessee shall actively undertake activities to seek to remove any barriers to the development concept which provides the earliest commercial development, including:

- addressing the remaining uncertainties with respect to LNG plant location and layout;
 - securing land access agreement(s);
 - finalising unitisation and operating agreements to allow the development of the Browse RL resources; and
 - undertaking activities required to obtain necessary leases, licences and easements for port and onshore facilities for the identified earliest development concept.
- (5) The lessee shall undertake all required environmental surveys, data gathering and studies required for the Strategic Assessment Agreement relating to the Kimberley LNG precinct until and unless an alternative development concept is selected.

In order to ensure that these conditions are met, a comprehensive work program is also set out as below to ensure that the commercial barriers are addressed.

Year 1 Work Program – TR/5 (Torosa)	Expenditure (A\$ million)
<p>Subsurface studies and seismic interpretation, including:</p> <ul style="list-style-type: none"> • Reservoir characterisation; and • Seismic interpretation. <p>Engineering and Design studies for the identified earliest development concept, including:</p> <ul style="list-style-type: none"> • Commence, complete and document the Basis of Design for the full Browse LNG Development; • Deliver +25%/-15% cost estimates; and • Prepare a Project Execution Plan. <p>Geotechnical Studies and Surveys for the identified earliest development concept including:</p> <ul style="list-style-type: none"> • Undertake metocean and related data gathering; and • Undertake geophysical and geotechnical studies necessary for the project, including any required pipeline route surveys; foundations or other work. <p>Environmental Surveys, Studies and Applications, for the identified earliest development concept, including</p> <ul style="list-style-type: none"> • Undertake environmental surveys, data gathering and studies and work required in connection with applications for necessary environmental approvals; and • Prepare an Environmental Impact Statement. <p>Commercial Activities</p> <ul style="list-style-type: none"> • Prepare and submit for review a preliminary Field Development Plan for the identified earliest development concept; • Undertake legal, commercial and any other related activities required to initiate unitisation studies and progress the identified earliest development concept; and • Undertake geosequestration evaluation studies for the identified earliest development concept. <p>Marketing Activities</p> <ul style="list-style-type: none"> • Undertake market analysis and marketing activities to secure binding LNG sale and purchase agreements 	
	120.8

Year 4 Work Program – TR/5 (Torosa)	Expenditure (A\$ million)
<ul style="list-style-type: none"><li data-bbox="277 394 1182 425">• Continue any work required to commercialise the Browse gas fields.	

Year 5 Work Program – TR/5 (Torosa)	Expenditure (A\$ million)
<ul style="list-style-type: none"><li data-bbox="277 656 1182 687">• Continue any work required to commercialise the Browse gas fields.	

Dated at Perth this *2nd* day of December 2009

Made under the *Petroleum (Submerged Lands) Act, 1982* of the State of Western Australia.



EXECUTIVE DIRECTOR PETROLEUM AND ENVIRONMENT DIVISION
Pursuant to the Instrument of Delegation dated 27 February 2009
As delegate of the Minister for Mines and Petroleum

<p>Year 2 Work Program – TR/5 (Torosa)</p> <p>Subsurface studies and seismic interpretation, including:</p> <ul style="list-style-type: none"> • Complete Reservoir characterisation; and • Complete Seismic interpretation. <p>Engineering and Design studies for the identified earliest development concept including:</p> <ul style="list-style-type: none"> • Commence and complete Front End Engineering and Design studies for the full Browse LNG Development; • Deliver +15%/-10% cost estimates; and • Prepare a final Project Execution Plan <p>Geotechnical Studies and Surveys for the identified earliest development concept, including:</p> <ul style="list-style-type: none"> • Complete any consequential activities following Year 1 work. <p>Environmental Surveys, Studies and Approvals for the identified earliest concept, including</p> <ul style="list-style-type: none"> • Complete any consequential activities following Year 1 work; and • Prepare applications for remaining environmental project approvals. <p>Commercial Activities</p> <ul style="list-style-type: none"> • Prepare and submit for approval a final Field Development Plan for the identified earliest development concept; • Complete all work required for a production licence application and infrastructure licence and pipeline licences and applications for the identified earliest development concept; • Finalise remaining commercial agreements to satisfy the requirements of the post Year 2 commerciality review; and • Complete geosequestration evaluation studies for the identified earliest development concept. <p>Marketing Activities</p> <ul style="list-style-type: none"> • Undertake market analysis and marketing activities to secure binding LNG sale and purchase agreements. 	<p>Expenditure (A\$ million)</p>
	<p>196.2</p>
<p>Year 3 Work Program – TR/5 (Torosa)</p> <ul style="list-style-type: none"> • Complete any consequential activities following Year 2 work; and • Document Front End Engineering and Design for the full Browse LNG Development for the identified earliest development concept. 	<p>Expenditure (A\$ million)</p>
	<p>60.4</p>