

DEPARTMENT OF RESOURCES, ENERGY AND TOURISM

Minister for Meeting

Min ID: B10/239

MEETING WITH DON VOELTE, WOODSIDE

**Purpose:** To brief you for your meeting with Mr Don Voelte, Managing Director and Chief Executive Officer, Woodside Petroleum Ltd.

**Meeting Arrangements:**

Date: 15-Feb-2010  
Time: 09:30  
Venue: Woodside Plaza 240 St Georges Terrace PERTH  
Adviser: Mr Neil Roberts  
Dept. Officer: Mr Peter Livingston

**Recent Dealings:** Most recently, you met and discussed Browse related issues with Woodside on 13 November 2009 (B09/2568 refers). You also met with representatives of the Browse Joint Venture (JV), including Woodside, on 11 January 2010 (B10/10 refers).

**Key Issues:** The Department understands that the following issues will be raised:

**Browse Liquefied Natural Gas (LNG)** - On 9 February 2010, Woodside announced that the JV had selected James Price Point as the location to process gas from the JV's gas fields. The project has now moved into the Basis of Design phase and contracts for this process have been awarded.

Redactions pursuant to s22

Mr Voelte's biography is at Attachment A, background is at Attachment B, Browse retention lease renewal conditions are at Attachment C and talking points are at Attachment D.

**Slipstream Version 11 February 2010**

Martin Squire (6213 7937)  
A/g General Manager  
Offshore Resources Branch  
Resources Division  
11 February 2010

Consultation:

NOTED/PLEASE DISCUSS



Contact: Simon Newman (6213 6175)

Output Info: 1.1

Martin Ferguson 17/2/2010

**Biography – Mr Don Voelte**

*Managing Director and Chief Executive Officer, Woodside Petroleum Ltd*

Mr Voelte joined Woodside in April 2004. He has nearly 30 years global oil and gas experience with senior roles in Mobil Corporation and Atlantic Richfield. During his 22 years with Mobil, he held a variety of executive roles, including Producing Manager, US Exploration and Production; General Manager, Corporate Planning; Vice President, US Supply and Logistics; and Vice President and General Manager, US Marketing. His final role with Mobil was as President, New Exploration and Producing Ventures, with responsibility for world-wide exploration and building and implementing Mobil's corporate upstream global growth strategy, reporting to the Chairman and Chief Executive Officer.



## BACKGROUND

### BROWSE PROJECT

- Ownership: Woodside (Operator ~47%); BP (~17%); Chevron (~17%); BHPB (~10%); Shell (~9%)
- Location: 300 km north of Broome, 850 km north-east of Karratha
- Reserves: 14 Tcf of gas, 300 million barrels of condensate
- LNG Capacity: 11 million tonnes per annum (mtpa), three 3.7 mtpa trains

The Browse gas project is based on the Torosa, Brecknock and Calliance gas fields held under five retention leases (WA-28-R, WA-29-R, WA-30-R, WA-31-R and WA-32-R) in Commonwealth offshore waters as well as two retention leases (R2 and TR5) in WA State waters.

On 24 December 2009, all Browse retention leases (RLs) were renewed. The RL renewals carried conditions (see **Attachment C**) that were framed to ensure that a decision on a development theme was taken within 120 days of the notice of intent to offer the RL renewals and that the JV be in a position to take a final investment decision (FID) on the project by 180 days into Year Three of the renewal (anticipated to occur in mid 2012).

Redactions pursuant to s47G

### *Development Concept Selection*

On 9 February 2010, Woodside announced that the Browse Joint Venture had selected the Browse LNG Precinct at James Price Point as the location to process gas from the Venture's Browse Basin gas fields. The next phase of the development will be Basis of Design study and dual contracts for this process have been awarded to Bechtel Oil, Gas and Chemical Inc. and Bechtel Australia Pty Ltd and Kellogg Brown & Root Pty Ltd for the onshore component. Contracts for the offshore components have been awarded to a joint venture of WorleyParsons Services Pty Ltd and Granherne Pty Ltd (known as Select Granherne) for the facilities scope and to J P Kenny Pty Ltd for the subsea and pipelines scope.

Redactions pursuant to s22

Redactions pursuant to s22

*Browse LNG Sales Contracts/Agreements*

Woodside had signed key terms agreements for the sale of 2-3 million mtpa of LNG with both PetroChina and CPC Corporation Taiwan. On 4 January 2010, Woodside announced that the PetroChina agreement will not be extended. The key terms agreement with CPC Corporation, announced in November 2007, remains in place.

Redactions pursuant to s47G

Redactions pursuant to s22

Redactions pursuant to s22



Redactions pursuant to s22

Redactions pursuant to s22

Redactions pursuant to s22



**BROWSE RL CONDITIONS**

- (1) Within 120 days of the date of the 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.

**MEETING WITH DON VOELTE,  
WOODSIDE**

**ATTACHMENT D**

**TALKING POINTS:**

**BROWSE LNG PROJECT**

- I was impressed with speed at which the Browse JV partners completed the development concept select process.
- I note that the Basis of Design phase has now commenced and you have awarded upstream and downstream contracts for this work.
- At the meeting I had in January with you and the other Browse JV representatives, I noted that there were a number of issues that required working through.
  - These included the Carbon Pollution Reduction Scheme and other CO<sub>2</sub> issues; the Henry Tax Review including Petroleum Resource Rent Tax arrangements; domestic gas issues, land tenure and Indigenous issues.

Redactions pursuant to s47G

- How is Woodside progressing with its negotiations with the WA Government and KLC concerning the traditional owners?

Redactions pursuant to s22

Redactions pursuant to s22



Redactions pursuant to s22

