



THE HON MARTIN FERGUSON AM MP

**MINISTER FOR RESOURCES AND ENERGY
MINISTER FOR TOURISM**

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PARLIAMENT HOUSE
CANBERRA ACT 2600

Min ID: C09/1718

10 JUN 2009

Mr Nigel Smith
BHP Billiton Petroleum Pty Ltd
1360 Post Oak Blvd
Suite # 150
HOUSTON TEXAS 77056 USA

Dear Mr Smith

The Joint Authority is currently considering retention lease renewal applications for WA-28-R, WA-29-R, WA-30-R, WA-31-R and WA-32-R (the leases) in the Browse Basin.

To assist me, as the responsible Commonwealth Minister, in providing my input to the Joint Authority, I am seeking the separate views of each of the titleholders with respect to commerciality of the fields and appropriate pathways to achieve their commercial development at the earliest possible time. In particular, I am seeking your views as a titleholder on:

- The commercial barriers to development of the leases;
- The economics of developing the leases to support a Kimberley LNG hub at James Price Point;
- The economics of any alternative development options; and
- Work program components, including suggested timeframes, that could be required as a condition of title renewal, in order to:
 - Address all commercial issues for development of the leases;
 - Include all work necessary to achieve the earliest possible commercial development, including:
 - Technical work, environmental approvals and land access agreements to progress the Kimberley option to secure a site as soon as possible; and
 - Technical and other work for any other development option that has the same or an earlier expected start-up date.

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As you know, the Australian Government has been working closely and openly with Woodside, the WA Government and the Kimberley Land Council since December 2007 to establish a new regional LNG hub in the Kimberley to develop Browse Basin gas reserves. I note also that Heads of Agreement (HOA) for an Indigenous Land Use Agreement (ILUA) were signed by Woodside (the operator of the Browse fields), the Western Australian Government and the Kimberley Land Council as authorised by the Native Title Claimants, on 27th April 2009.

The Australian Government welcomed the HOA as an important step towards securing a site at James Price Point. In addition, we have committed more than \$340 million in the West Kimberley over the next four years to close the gap on Indigenous disadvantage. Developing the Kimberley LNG hub is an important step in securing the future economic and social empowerment of Indigenous communities in the Kimberley. Facilitating that outcome is one of my priorities.

Of course, I remain mindful of the considerable investment already made in the Browse title areas that are currently the subject of retention lease renewal applications and the varying development options for those areas. In my deliberations as the responsible Commonwealth Minister I want to fully understand those options and the commercial impediments to their progress. To that end, it is important that I obtain the views of each of the titleholders.

I would appreciate your advice on these matters by 15th July 2009.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Ferguson', with a long horizontal flourish extending to the right.

Martin Ferguson