

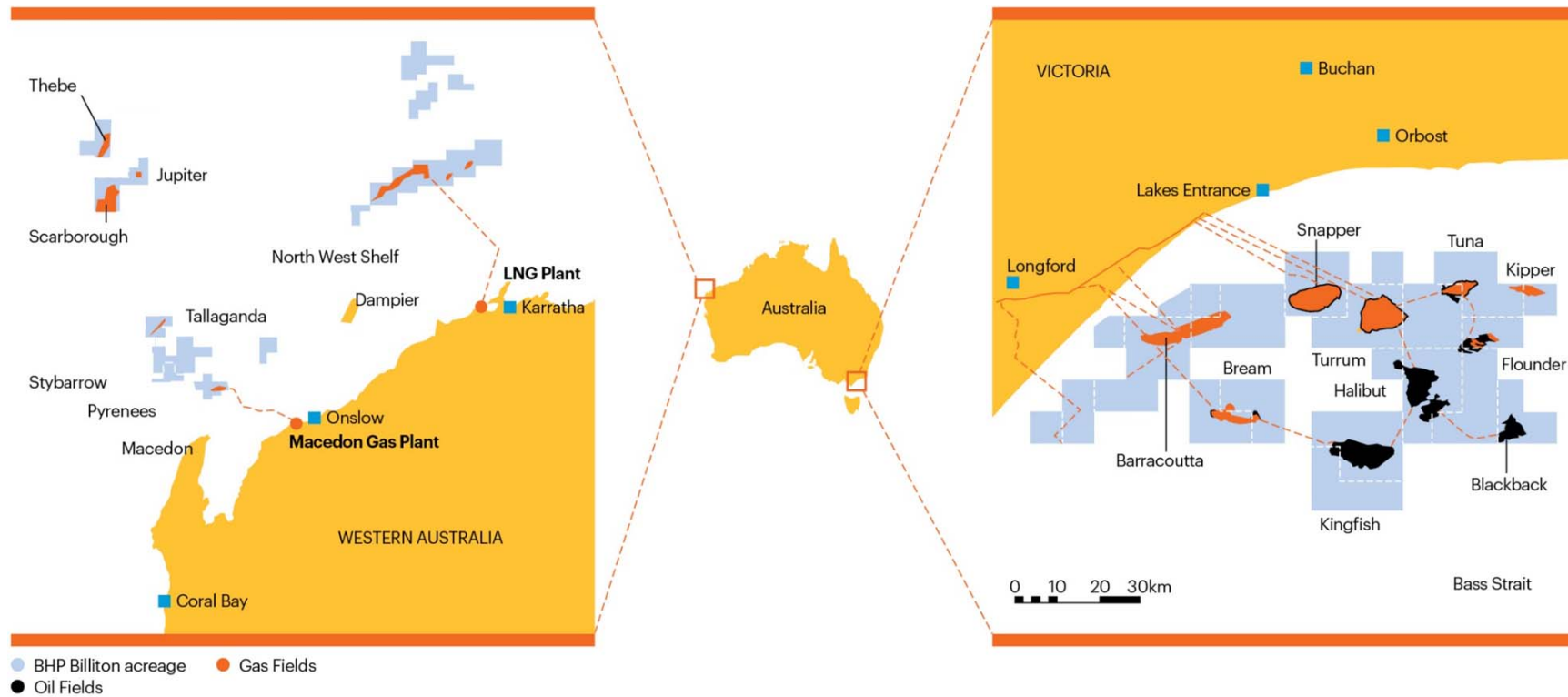


# Review of the Petroleum Resource Rent Tax (PRRT) – Additional information

27 February 2017



# Petroleum assets in Australia



# Exploration

## Background

- BHP Billiton has undertaken exploration activity in Australia for over 50 years
- Our focus is on opportunities that are rich with petroleum liquids
- We have invested US\$830m in exploration in Australia from 2007 to 2016.

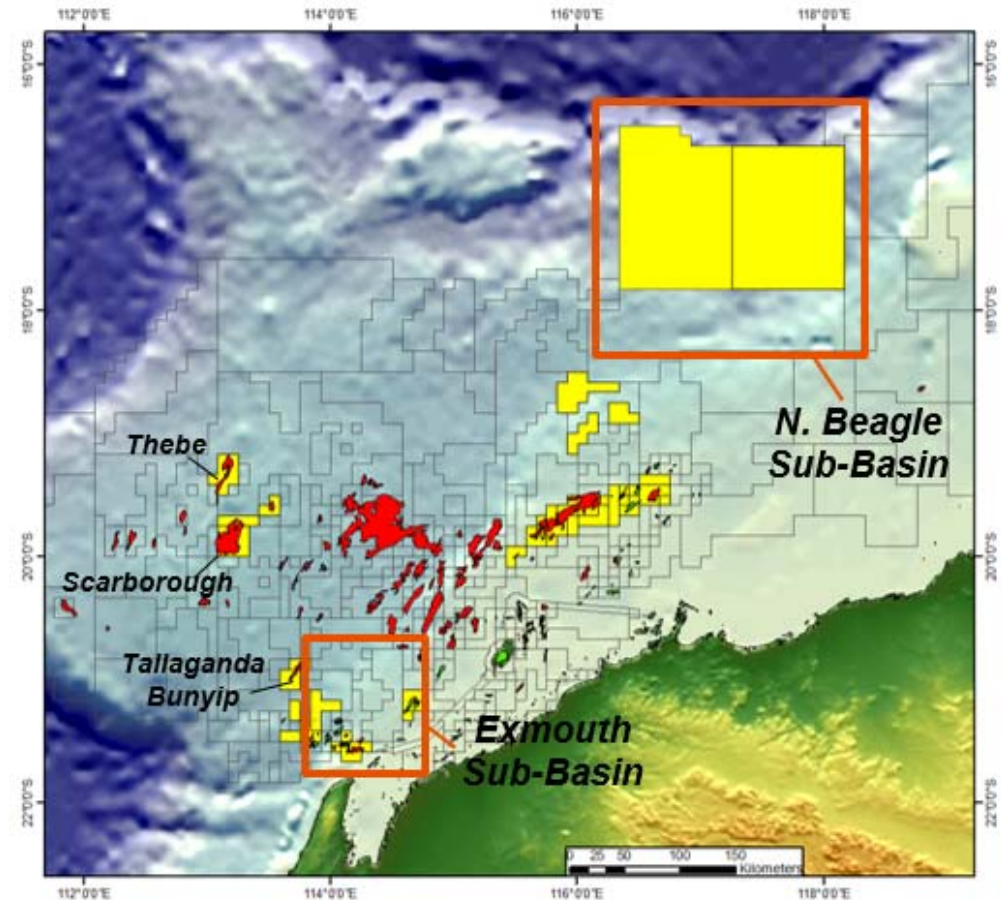
## Focus Areas

### N. Beagle Sub-basin evaluation

- A high geological risk, frontier basin with Tier 1 liquid potential
- No existing infrastructure
- Progressing towards a drilling decision in 2017-18.

### Exmouth Sub-Basin seismic

- We are underwriting a >12,500 km<sup>2</sup> 3D broadband seismic acquisition program with a focus on opportunities that can be brought into existing infrastructure in the region.



# Scarborough gas development

## The Scarborough field is located offshore Western Australia

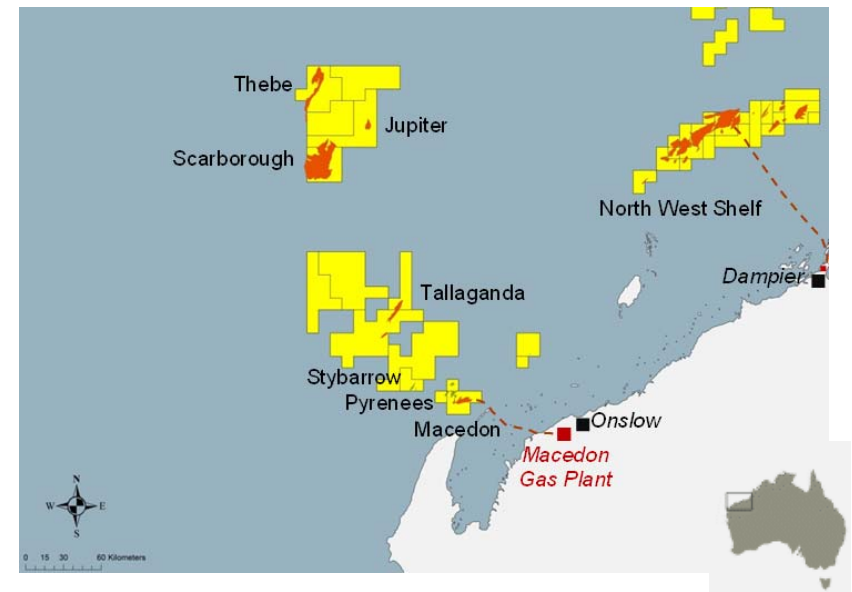
- 300kms northwest of Onslow, with an ocean depth of around 1km
- ExxonMobil is the designated operator. BHP Billiton is a joint venture partner (26.5%). Woodside recently joined the joint venture (25%)
- Scarborough was first discovered in 1979. Combined with Thebe and Jupiter, it is estimated to contain about 8 trillion cubic feet of gas.

## Two development alternatives currently being considered

1. A new-build floating LNG vessel
2. Linking the field to existing North West Shelf infrastructure.

## Scarborough is an economically marginal mega-project (and is currently considered uneconomic)

- No liquid hydrocarbons, unlike most other LNG developments
- Remote location, far removed from existing infrastructure, resulting in exceptionally high development costs.





# Bass Strait

## Background

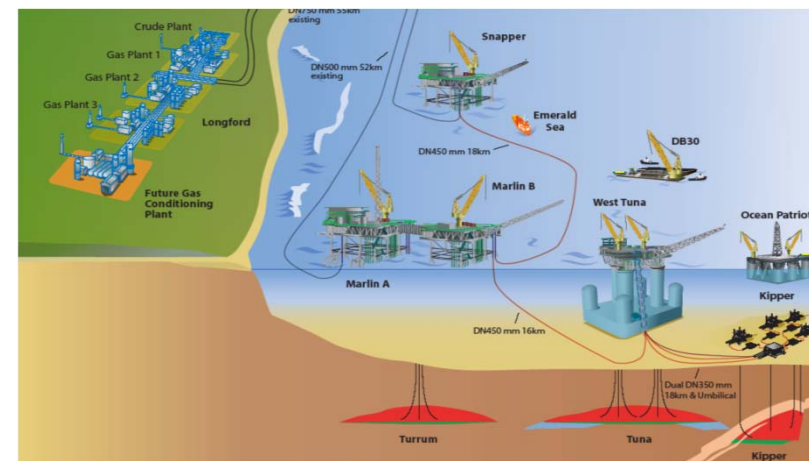
- Located 25-80kms off Victoria
- 50-50 joint venture with Esso Australia
- Has produced oil and gas since 1967
- BHP Billiton share of production was 31.2 MMboe in FY15 and 35.3MMboe in FY16.

## Operational information

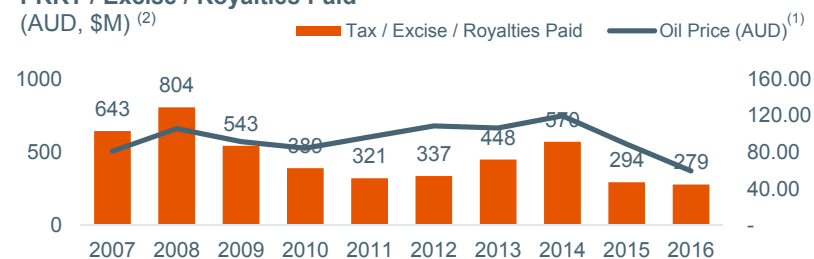
- Majority of crude oil and condensate is sold to East Coast refineries
- Gas is piped onshore to the Longford Gas Plant, from where it is sold into the Australian east coast gas market
- Over \$4b of CAPEX was invested in Bass Strait between 2007-16.

## Tax

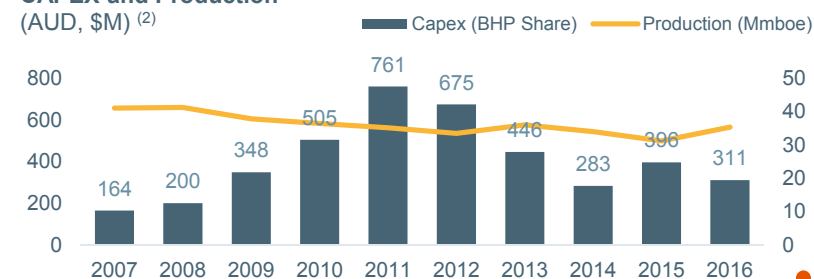
- Bass Strait is the largest payer of PRRT, and has been paying PRRT since 1990
- Approximately \$9b in PRRT paid (BHP Billiton share) since 2000



## PRRT / Excise / Royalties Paid



## CAPEX and Production



(1) Oil price sourced from US Energy Information Administration  
 (2) US dollar information converted at historical FX rate sourced from [www.rba.gov.au/statistics/historical-data](http://www.rba.gov.au/statistics/historical-data)



# North West Shelf

## Background

- Located 125kms northwest of Dampier WA
- One of six joint venture participants (Woodside is operator)
- Operational since 1984
- BHP Billiton share of production was 28.7MMboe in FY15 and 27.5MMboe in FY16

## Operational information

- Gas piped from offshore fields to onshore Karratha Gas Plant for processing
- Sold to both the WA domestic market, as well as LNG to buyers in Japan, South Korea and China
- \$2.6b of CAPEX was invested in NWS between 2007-2016.

## Tax

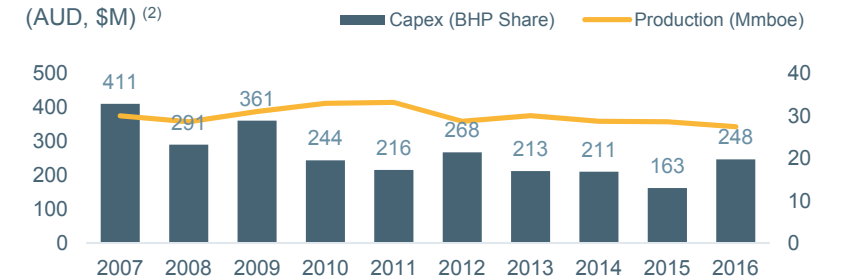
- NWS has a distinctive fiscal regime due to its unique development history and cross-jurisdictional nature
- Over \$2.1b in tax payments (\$1.46b of royalties and \$721m in excise, BHP Billiton share) since 2010.



**Tax / Excise / Royalties Paid**



**CAPEX and Production**



(1) Oil price sourced from US Energy Information Administration  
 (2) US dollar information converted at historical FX rate sourced from [www.rba.gov.au/statistics/historical-data](http://www.rba.gov.au/statistics/historical-data)  
 (3) 2007-2009 taxes paid – information not available

# Pyrenees and Macedon

## Background

- Six oil fields and one gas field, located 23kms northwest of Northwest Cape WA
- BHP Billiton is the operator with 71.43% interest in the gas field and a 62% interest in the oil fields (as at 30 June 2016)
- BHP Billiton share of production was 14MMboe in FY15 and 17.1MMboe in FY16

## Operational information

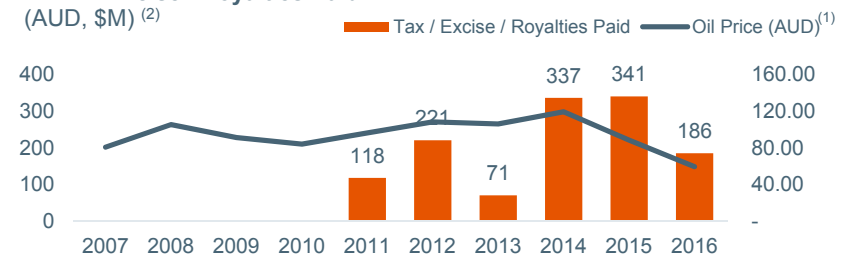
- Pyrenees uses a floating, production, storage and off-take facility
- Crude oil is sold internationally
- Macedon gas is piped to an onshore processing facility located near Onslow
- Gas is sold into the WA domestic market
- \$3.4b of CAPEX was invested in Pyrenees and Macedon between 2007-16.

## Tax

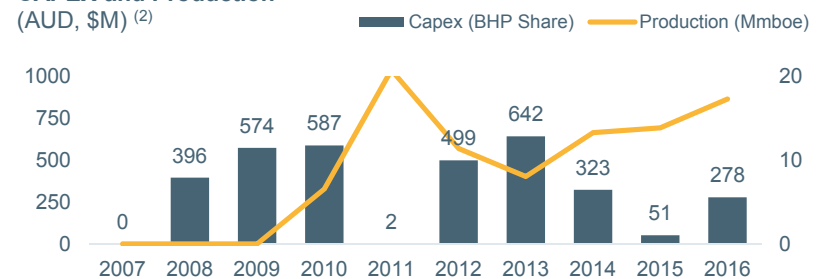
- Pyrenees and Macedon produce from the same licences, so are treated as the same field for PRRT purposes
- A combined total of \$1.3b in PRRT paid (BHP Billiton share) since 2010.



### PRRT / Excise / Royalties Paid



### CAPEX and Production <sup>(3)</sup>



- (1) Oil price sourced from US Energy Information Administration  
 (2) US dollar information converted at historical FX rate sourced from [www.rba.gov.au/statistics/historical-data](http://www.rba.gov.au/statistics/historical-data)  
 (3) Information sourced from internal management reports. Accuracy of information relative to externally reported information cannot be guaranteed.



**bhpbilliton**