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MEDIA RELEASE

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Australian oil and gas production continues to resist global downturn

Australian oil and gas production is resisting the international downturn, continuing to perform strongly for the second consecutive quarter, according to a leading industry report card.

The report – released today by energy economics group, EnergyQuest – also shows Australian gas project activity is at an all time high, a clear indication companies are looking through the downturn to the economic recovery.

Higher oil and gas production

Total petroleum production in Australia increased 7.1 per cent in the March quarter 2009, compared with the previous corresponding period, March 2008.

BHP Billiton was Australia's largest petroleum producer for the 12 months to 31 March, producing 87.7 million barrels of oil equivalent, 18.3 per cent of national production.

Oil production spiked 4.8 per cent in the three months to 31 March 2009 to 27.6 million barrels.

“Oil production improved, driven by the start of production at the Vincent field and significantly higher production from Enfield, both Woodside projects offshore Western Australia,” EnergyQuest Chief Executive Officer, Dr Graeme Bethune, said today.

Total Australian natural gas production grew by 7.5 per cent for the quarter and reached a record 1,732 petajoules (PJ) in the 12 months to 31 March, driven by increased LNG production.

Global recession starting to impact?

“There are signs though that the recession is starting to bite in Australia,” Dr Bethune said.

“Gas production on the east coast was down 5.6 per cent for the quarter - the lowest level since the end of 2006 – most likely due to weaker demand from industry.

“Notwithstanding the good performance in Australia, these are increasingly tough times for the industry globally, make no mistake about it.

“The International Energy Agency – in its May Oil Market Report - forecasts that demand for oil in 2009 will be 2.6 million barrels per day lower than in 2008 – the sharpest single year's fall since 1981.

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“Gas demand has fallen around the world, including in the major markets of the United States, Europe and Japan.

Record gas investment plans

“The Australian industry is showing considerable courage, maintaining its investment plans in the face of this slump,” Dr Bethune said.

The report reveals that the Australian industry is planning record gas investments, including:

- Over 80 million tonnes a year of additional LNG capacity planned from both conventional and coal seam gas (CSG) projects, four times current capacity; and
- Over 500 PJ per annum of domestic gas projects being developed or planned.

“Oil remains a weak spot though, with only one major project, Pyrenees, under development,” he said.

CSG reserves up, other reserves flat

The report also contains updated estimates of oil and gas reserves. Proved and Probable (2P) CSG reserves are now 17,600 PJ, up from 8000 PJ at the end of 2007. This has increased east coast 2P reserves from 16,500 PJ at the end of 2007 to a current 26,240 PJ, close to WA 2P gas reserves, which have remained flat at around 29,000 PJ. Reserves of oil and natural gas liquids have also remained flat at around 2,100 million barrels, only around 6.6 years of Australian demand.

About EnergyQuest

EnergyQuest is an advisory firm focussed on energy analysis and strategy.

Its oil and gas production and reserves estimates are compiled from a comprehensive database of company reports and are published in the company's EnergyQuarterly.

Further details are available at www.energyquest.com.au

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