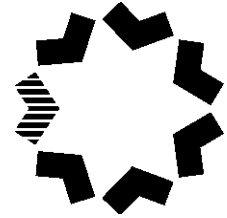


National Competition Council

Level 9 128 Exhibition Street Melbourne Victoria 3000 Australia
GPO Box 250B Melbourne Victoria 3001 Australia

Telephone 03 9285 7474. Facsimile 03 9285 7477.



MEDIA RELEASE

28 February 2006

National Competition Council releases final recommendation on Tubridgi Pipeline System

The National Competition Council (NCC) today released a final recommendation to revoke coverage under the National Gas Code of the Tubridgi and Griffin pipelines which together comprise the Tubridgi Pipeline System.

Today's final recommendation is consistent with the Council's draft recommendation of 19 January 2006, and follows a November 2005 application by BHP Petroleum (Ashmore Operations) Pty Ltd (BHPPAO) to revoke National Gas Code coverage of its two 87 kilometre onshore pipelines located on the flood plain of the Ashburton River in Western Australia.

This final recommendation will be considered by the Hon Francis Logan, MLA, Minister for Energy (Western Australia). The Minister will decide whether or not to accept the Council's final recommendation and has 21 days in which to do so.

The National Gas Code, introduced in 1995 with the agreement of all Australian governments, is designed to replicate competitive market outcomes where monopoly pipeline facilities exist. The Code does this by providing third parties with a legally enforceable right to negotiate access to private or government-owned monopoly pipelines, thereby creating competition in the supply of gas without the need to duplicate costly pipeline infrastructure.

The Tubridgi and Griffin pipelines were covered under the National Gas Code upon its inception in 1995.

BHP Petroleum applied to the Council for revocation of coverage for the Tubridgi Pipeline System on the basis that the pipelines no longer satisfy the coverage criteria outlined in the National Gas Code.

A copy of BHP Petroleum's application, submissions from interested third parties and the Council's final recommendation are available from www.ncc.gov.au.

The Final Recommendation

The final recommendation – that coverage of the Tubridgi Pipeline System under the National Gas Code be revoked – reflects the Council's view that, on the basis of the available evidence, the statutory criteria for declaration are not met.

The Council must recommend that coverage of the covered pipeline be revoked if it is not satisfied of one or more of the following coverage criteria set out in s1.9 of the National Gas Code:

- a) That access (or increased access) to Services provided by means of the Pipeline would promote competition in at least one market (whether or not in Australia), other than the market for the Services provided by means of the Pipeline**

The Council considers that as there is insufficient evidence that access will be sought by a third party in the foreseeable future, coverage under the Code is unlikely to have any effect on competition in the relevant dependent markets it has identified.

In particular, the Council finds it unlikely that supply and demand for gas from the upstream gas exploration, production and sales market would be such that transmission services from the Tubridgi Pipeline System would be required.

Therefore, the Council is unable to conclude that the Tubridgi Pipeline System satisfies criterion (a).

- b) That it would be uneconomic for anyone to develop another Pipeline to provide the Services provided by means of the Pipeline**

The Council considers that it would be uneconomic to develop a pipeline to provide the services of the Tubridgi Pipeline System at current and foreseeable levels of demand.

The Council considers that criterion (b) is met.

- c) That access (or increased access) to the Services provided by means of the Pipeline can be provided without undue risk to human health or safety**

The Council considers that access to the services of the Tubridgi Pipeline System can be safely provided. The Council therefore finds that criterion (c) is met.

- d) That access (or increased access) to the Services provided by means of the Pipeline would not be contrary to the public interest**

Criterion (d) requires that the Council be satisfied that the overall benefit of regulated access under coverage outweighs the cost.

The Council is not satisfied that gas finds will be developed over the long term which require the Tubridgi Pipeline System transmission services, and therefore there appears to be no tangible benefits from continuing coverage.

The Council is not satisfied that continued coverage of the Tubridgi Pipeline System would not be contrary to the public interest. The Council therefore finds that criterion (d) is not met.

--- ends ---

See also:

Copies of the Council's final recommendation will be available at www.ncc.gov.au

For further information:

Contact Royce Communications:

Michael Horkings, Tel: 03 9639 2300 Mobile: 0407 049 648