



Meeting Agenda
 SCG – Exmouth
 Meeting # 1
 15 May 2007

Apache Energy Limited (Apache), on behalf of the Van Gogh joint venture participants, is proposing to develop an oilfield, known as Van Gogh, off the Exmouth coast.

Meeting Details

Meeting location: Novotel Ningaloo Resort, Exmouth
 Time: 6.45 – 7.30 pm, followed by dinner.

Agenda

The meeting agenda was as follows:

1.	Welcome and SCG overview	Caroline de Mori
2.	Introductions	
3.	Project outline	Myles Hyams
4.	Drilling program	Luke Lawrence
5.	Question and answer session	
6.	Other information required by SCG	
7.	Agenda and timing for next meeting	Caroline de Mori

Attendees

The attendees at the meeting are listed in the table below.

#	Name	Company/Organisation	Title
Apache			
	Myles Hyams	Apache Energy	Environmental Manager
	Luke Lawrence	Apache Energy	Drilling Superintendent
	Caroline de Mori	Apache Energy	Public Affairs Manager
	Giulio Pinzone	Apache Energy	Environmental Scientist
Government			
1	Jeanette Kirby	Department of Environment & Conservation (DEC)	Parks & Visitors Services Coordinator
2	Ronnie Fleay	Exmouth Shire	President
3	Muddy Martin	Exmouth Shire	Councillor
4	Simon Terry	Gascoyne Development Commission (GDC) - Exmouth	
5	Tami Maitre	GDC - Carnarvon	
6	Steve Wall	Department of Fisheries	Supervising District Fisheries & Marine Officer
Non-Government Organisations			
7	Barry Sullivan	Exmouth Chamber of Commerce (CoC)	President

8	Brian Reading	Exmouth CoC	Committee member
9	Anne Preest	North West Cape Exmouth Aboriginal Corporation	Endorsed Representative for the Custodian of the North West Cape, Mr Syd Dale
10	Kate McGregor	Cape Conservation Group	President
11	Jac Hine	Cape Conservation Group	Secretary
Industry			
12	Ron Shelley	Boeing Services Australia	Site Manager, NCS H.E.H
Community Representatives			
13	Helena Soter	Ningaloo Whale Shark Festival	Chairperson
14	Leigh Sheldon	Exmouth District High School	Principal
15	Erin Hobbs	University of WA	PhD student

Minutes

Myles Hyams presented an overview of the Van Gogh Field Development for 25 minutes.
 Luke Lawrence presented an overview of the drilling campaign for 20 minutes.

The following minutes are a record of questions and answers recorded during and after the presentations.

Name	Comment/question	Action
Brian	Is the API (of 17) of the Van Gogh field indicative of nearby oil fields?	
Myles	Yes. It is a heavy black oil, with a high viscosity which means it needs to be heated in order to assist with pumping it.	
Brian	Do you know the API of the first oil field to be discovered in Exmouth?	
Myles	No.	
	<i>Post-meeting.</i> Rough Range oil discovery in 1953 had an API of 38.6	
Kate	Will the results from the appraisal drilling program influence whether or not the project proceeds?	
Luke	No, it will go ahead. The appraisal drilling aims to determine the thickness of the oil column in the southern part of the Van Gogh field. If it is thinner than thought, then maybe one or two of the planned wells won't be needed.	
Myles	The project is feasible as it currently stands; the appraisal drilling just firms up how the oil field is to be drained by the placement of the production wells.	
Brian	Is the FPSO a new vessel?	
Myles	No, it is a re-build. There is currently a 3-5 year wait to build a new FPSO. A trading oil tanker, the 'MT Kudam' will be converted to an FPSO. It will be certified by an independent third party, Lloyds, to make sure it meets 'as-new' conditions.	
Brian	What will be the level of staffing on the FPSO?	
Myles	There will be 22-24 operations personnel on board at any one time. ProSafe will build and operate the FPSO and recruit personnel who are already trained in operating such a facility. Apache will review the competency of the selected staff. Apache currently runs an apprenticeship program through	

	APPEA and the CCI, with the aim of providing skills training in the oil and gas industry. There may be potential for this program to be partnered with the Exmouth High School to provide opportunities for those interested in pursuing a career in the oil and gas industry.	
Muddy	Has Apache undertaken any noise studies to assess the project's impacts on humpback whales and so forth?	
Myles	A lot of work has already been done on impacts of noise from drilling and seismic activities. Woodside has monitored drill rig and support vessel noise and BHPB used noise loggers on the seabed during a recent seismic survey undertaken in the Exmouth sub-basin. The main source of noise is generated from the engines of the support vessels. We have observed whales approach our drill rigs and platforms out of curiosity, even rubbing themselves against platform jackets, indicating they may not be so sensitive to underwater noise.	
Jeanette	What is the SERPENT project about?	
Giulio	SERPENT stands for the 'Scientific and Environmental ROV Partnership using Existing Industrial Technology.' It's a program whereby scientists from the Uni of Sydney and other institutions use ROV on standby time on the rig to run scientific programs to explore for life in the deep ocean. A world-first for SERPENT will be exploring the ocean from 3 rigs so close to each other, as is the case with Apache, Woodside and BHP in the Exmouth Sub-basin.	Link to SERPENT on the project website will be added
Muddy	Will Apache be extracting oil from the same reservoir as Woodside?	
Myles	Apache knows there's a barrier between the Vincent (Woodside) and the Van Gogh (Apache) fields, but we're not sure at this stage of its exact position. The Theo-2/3H drilling program will help better define this. The DoIR regulate how the companies extract the oil through a process called unitisation. The reason there are proposed to be two FPSOs located close to each other is because a commercial agreement could not be reached between the two companies to process Apache's oil on Woodside's FPSO.	
Anne	How many employees worldwide does Apache have?	
Luke	Not too sure, in the order of 7,000-10,000 people.	
	<i>Post meeting correction:</i> between 2,500 – 3,000 staff globally, plus contractors	
Muddy	Are you a listed (ASX) company?	
Myles	Apache is listed on the New York Stock Exchange (NYSE) and the Chicago Stock Exchange, but is not listed on the Australian Stock Exchange (ASX). It has a market capitalisation of approximately US\$23b, or about AUD\$30b. Current share price is about US\$78. To give you some comparison in size, Woodside has a market capitalisation of some US\$22b, or about AUD\$29b.	
Muddy	I understand that with the project being located in Commonwealth waters, the Commonwealth government receives all the royalties. Exmouth doesn't get any of these royalties. What benefits are there for Exmouth?	
Myles	The Petroleum Resources Rent Tax (PRRT) goes to the	

	Commonwealth Government, and they receive about 40% of taxable profit. Profit remaining is then also taxed as income tax at the 30% Company rate.	
Luke	Apache has about 200 permanent payroll employees in WA. We use local resources wherever possible, such as Bhagwan Marine currently for hotshot (urgent) deliveries for our drilling operations.	
Caroline	At the next meeting, we'll invite Apache's Human Resources Manager to attend, along with someone from ProSafe, in order to answer some more of these questions and so you can build confidence in the measures to be put in place regarding using local content.	
Muddy	There's a fair amount of longline fishing in the project area.	
Myles	We're in constant communications with the longline fishing representatives who are based in Perth. They indicate that the industry is currently uneconomic and have informed Apache that their vessels are not being used for fishing and are available for us to hire for our projects. It costs more in diesel to reach their fishing grounds than the value of their catch.	
Muddy	They started targeting sailfish out there about six months ago.	
Tami	Will the PER (Public Environment Report) be approved? You seem confident that it'll get through (the approvals process).	
Myles	It's in the hands of the Commonwealth Government and we can't pre-empt their decision. It will be assessed under the EPBC Act, which is used to assess project against matters of national environmental significance. We were assigned a PER, rather than an EIS (Environmental Impact Statement) probably because the Government has a greater understanding of the environmental issues in this area (due to similar Woodside and BHPB FPSO developments) and is confident our proposal will not significantly add any new environmental issues. I see no valid reasons for the project to not be approved (because of its similarity to the other FPSO developments nearby and the fact they've been approved).	
Muddy	Can you explain ballast issues? How will this be handled?	
Myles	There is not a big risk of introducing marine pests through ballast water as the project is located in water depths of ~350 m. This is more an issue in shallow water areas, such as the Exmouth Gulf. AQIS (Australian Quarantine Inspection Service) manage ballast exchange. For the FPSO, it will take on ballast water in Singapore, exchange it in mid-ocean once it crosses over the equator, record this information, relay it to its stevedoring company who passes this on to AQIS.	
Kate	What about the issue of marine life attached to the FPSO hull and other vessels, and the risks these may pose?	
Myles	The FPSO will be dry docked. When it reaches the Van Gogh location, it will be clean. Should any marine life become attached on its journey to Australia, they will pose very little environmental risk. Other vessels must be dry-docked every 5 years as a Class requirement so that the hulls can be cleaned and have an anti-fouling paint applied to minimise fouling by marine life (e.g, barnacles). In shallower waters, marine life detaching from vessel hulls does pose a potential risk.	
Jac	Are the vessels that offload the oil from the FPSO owned by	

	Apache?	
Myles	No. The Apache Crude Marketing Manager arranges for oil trading tankers to transport our produced oil to customers (refineries). There is an international database for oil tankers, which lists things such as build date, offloading reports, incidents, condition, etc. Apache vets potential offloading tankers against this database to assess their suitability. The database helps ensure we don't use 'Ships of Shame' (i.e., ships that have been involved in major incidents, such as oil spills). The 'Kirki' is one such example of Apache's vetting system. This vessel was destined for the Kwinana oil refinery and lost 20,000 tonnes of light crude in 1991 when the bow of the vessel broke away. The Kirki nominated to take oil from Varanus Oil, but was rejected based on our vetting procedures.	
Caroline	Closed the meeting. Asked for the SCG members to think about nominating two members to attend a HAZID (Hazard identification) workshop in Perth, occurring in June/July, so as to be part of the environmental risk assessment for the project.	SCG to nominate 2 members to attend HAZID.