

MEDIA RELEASE

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Chevron and Apache Energy tie-up raises new competition fears

Western Australia's peak energy group has told the ACCC that Chevron and Apache Energy's decision to jointly develop the Wheatstone project underlined the need for separate selling of Gorgon gas.

Apache Energy recently announced that it will jointly develop the Julimar-Brunello fields with Chevron's Wheatstone LNG project.

DomGas Alliance Chairman, Tony Petersen, said the WA gas market was not an open competitive market but one characterised by few producers exercising immense market power.

"The North West Shelf Joint Venture controls 70 per cent of the WA gas market through joint selling arrangements," Mr Petersen said.

"Chevron and Shell own 75 per cent of the Gorgon Project and are also partners in the North West Shelf Joint Venture."

"We now have Chevron combining with Apache Energy, the other major supplier to the WA gas market."

The DomGas Alliance is strenuously opposing the ACCC's proposal to permit Chevron, Shell and ExxonMobil to combine together to sell Gorgon gas to Australian consumers.

In a submission to the ACCC, the Alliance highlighted the extent of cross-ownership across different gas projects. Gas producers also appear to be coordinating gas marketing across projects by ensuring that any marketing occurs sequentially.

"Given the close alignment between all the major gas producers, it is vital that producers compete with each other by selling separately," the submission said.

"Any reliance on ACCC-sanctioned joint selling arrangements to create inter-project competition is mistaken and ignores the cross-ownership structures in the WA gas market."

The Alliance submission also pointed to BHP Billiton and Rio Tinto's decision not to proceed with the joint marketing of iron ore from their proposed Australia iron ore joint venture. The two companies had previously proposed to jointly sell up to 15 per cent of joint venture production.

"BHP and Rio's decision clearly recognises the anti-competitive impact of joint selling and the regulatory pressure asserted by European competition authorities," the submission said.

"In contrast, the ACCC will allow Chevron, Shell and ExxonMobil to combine together to sell *100 per cent* of Gorgon domestic gas to Australian consumers whilst selling LNG separately to overseas customers."

"The ACCC's proposal to permit joint selling of Gorgon gas will result in less competition not more, and can only result in higher energy prices for Australian consumers."

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BACKGROUND: DOMESTIC GAS PROJECTS AND PARTICIPANTS

Project	Participants
NWSJV	Woodside, Chevron, Shell, BP, BHP Billiton, Mitsui-Mitsubishi
Pluto	Woodside
Macedon	BHP Billiton and Apache
Wheatstone	Chevron and Apache / Kufpec
Gorgon	Chevron, Shell and Exxon Mobil
Reindeer	Apache, Santos

	Woodside	Shell	Chevron	BHP	BP	MIMI	ExxonM	Apache	Santos	Tap	Kufpec
Woodside											
Shell											
Chevron											
BHP											
BP											
MIMI											
ExxonM											
Apache											
Santos											
Tap											
Kufpec											



Denotes producers in a direct JV or project arrangement

Denotes producers linked by a common partner. E.g. Woodside (North West Shelf) and ExxonMobil (Gorgon) both share Chevron as a common partner.