



ENERGY FOR THE WORLD. OPPORTUNITY FOR PAPUA NEW GUINEA.



Occasionally, a project comes along that has the potential PNG LNG Project is such an opportunity. PNG LNG offers (PNG) economy and create significant new opportunities



The PNG LNG Project

Since April 2007 the PNG LNG Project co-venturers have been working to develop the early design basis and feasibility for a world class LNG project in PNG.

The Project proposes to commercialise the undeveloped petroleum resources in the Hides, Angore and Juha fields and the associated gas resources in the currently operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands and Western provinces of PNG.

The gas will be conditioned for transportation by pipeline to an LNG facility twenty kilometres northwest of Port Moresby on the coast of the Gulf of Papua. There, the gas will be liquefied and the resulting LNG product (approximately 6.3 million tonnes per annum) loaded onto ocean going LNG tankers and shipped to gas markets overseas.

Timeframe

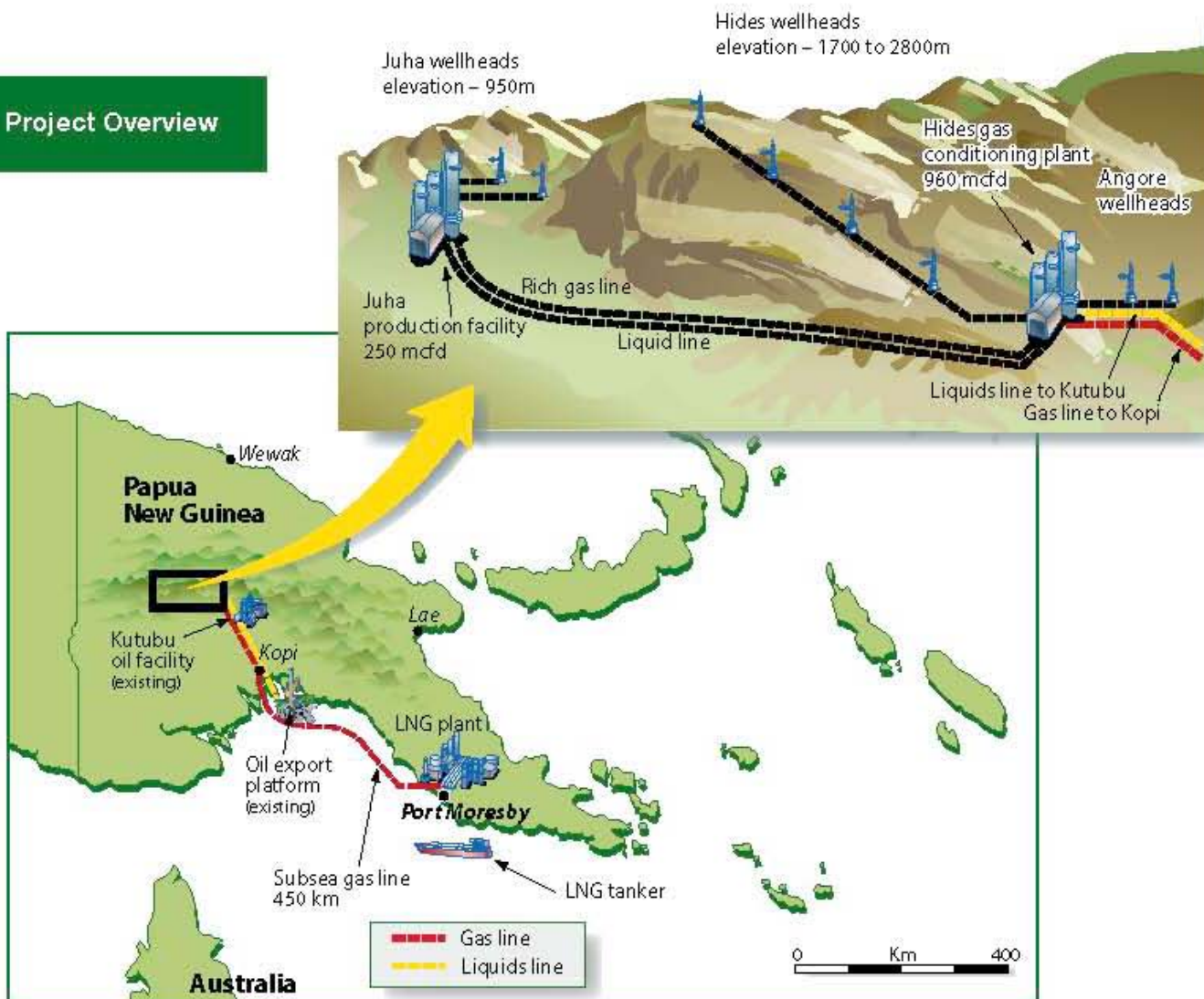
Major projects like the PNG LNG Project take many years to design and develop. An optimal concept design, preferred pipeline route and location for an LNG plant and vessel berth have been identified. The Project is currently undertaking front end engineering design and securing LNG sales and project financing. It is also consulting with government and the community on plans to address social and environmental impacts.

The preliminary schedule indicates a final investment decision in late 2009 with a target of first LNG cargo in late 2013 or early 2014. Once fully constructed, the Project lifetime or production phase is expected to be around 30 years.

to have a truly profound impact on a nation's future. The the potential to underpin the growing Papua New Guinea for the people of PNG.



Project Overview



Illustrative design, not to scale.



International Markets

The demand and international market for LNG is growing rapidly, particularly in the Asia Pacific region. Many countries including Australia, Malaysia, Qatar and Indonesia currently export LNG. Selling gas internationally brings many benefits to exporting nations in terms of direct income to the State, improvement in the balance of trade, and direct income and other benefits to the impacted communities.

What is LNG?

- ◆ *Liquefied Natural Gas (LNG) is the liquid form of natural gas (mostly methane) which has been cooled to its liquid state at extremely low temperatures.*
- ◆ *To convert natural gas into liquid form, the gas is super-chilled to -160°C . At this very cold temperature, the gas becomes a liquid, occupying about 600 times less space.*
- ◆ *LNG is colourless, odourless and non-toxic and is stored at atmospheric pressure in specially designed onshore tanks and transported to international markets in specially designed ships.*
- ◆ *Once shipped to its overseas destinations, LNG is warmed or 'regassified'. It can then be transported by existing pipelines and used as a clean and safe gas: as fuel for industry, for electricity generation, and in homes for heating and cooking.*



A Co-Venture

The PNG LNG Project is operated by Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation, on behalf of the co-venturers which include Oil Search, Santos, AGL, Nippon Oil, and Mineral Resource Development Company (MRDC). The PNG State is expected to join as an equity participant at a later date.

ExxonMobil is the world's largest publicly traded oil and gas company. It markets more than 11 billion cubic feet per day of natural gas in 28 countries.

Oil Search is PNG's largest oil and gas producer and operator of PNG's currently producing oil fields. Santos is Australia's largest domestic gas producer with global interest and operations in other energy producing regions.

AGL is an Australian integrated energy company. Nippon Oil is Japan's largest integrated oil company, and MRDC is the trustee and manager for landowner interests in PNG oil and gas.

ExxonMobil

PNG LNG is operated by a subsidiary of ExxonMobil in co-venture with:



OIL SEARCH LIMITED

Santos



NIPPON OIL EXPLORATION
Your Choice of Energy



The PNG LNG Project is the largest private sector investment investment of more than \$US10 billion and will fundamentally to attract new investment, provide highly skilled permanent vendors to participate in all phases of the Project.



Economic Benefits

An economic impact assessment by independent economists, ACIL Tasman, found that the PNG LNG Project offers a means of unlocking value from the extensive gas resources of the Southern Highlands region.

The Project has the potential to transform the economy of PNG, boosting GDP and export earnings, providing a major increase in government revenue, royalty payments to landowners, creating employment opportunities during construction and operation, and providing a catalyst to further gas-based industry development.

The benefits from the Project have the potential to spread throughout the economy as the government applies the earnings from its share of the Project revenues to social and economic programs. These programs have the potential to improve the quality of life of Papua New Guineans by providing essential services and enhancing the country's productivity. Benefits would also flow through the economy as the wages and salaries of Project employees and contractors are spent and as local suppliers provide a range of goods and services to the project.

*According to the ACIL Tasman **PNG LNG Economic Impact Study** the Project is the largest private sector investment ever contemplated in PNG. Potential benefits include:*

- *Total capital investment more than \$US10 billion*
- *Recurring operating expenditure of more than \$US195 million per year*
- *Doubling of PNG Gross Domestic Product (GDP)*
- *Four-fold increase in oil and gas exports*
- *Direct cash flows to Government and landowners over 30 years of more than \$US31 billion*
- *Direct employment (national and expatriate) of more than 7500 during construction, and 850 during production*

nt ever contemplated in PNG. It represents a direct capital
y transform the PNG economy. It should help the nation
jobs and opportunities for local contractors, suppliers and



Local Content

The PNG LNG Project aims to deliver more than just LNG production - it is also about developing people and human capacity, and creating and delivering sustainable, long term benefits to the local community. Our efforts will be focused on three areas:

Workforce Development

Creating local jobs and training people in technical and professional skills that are needed during the construction phase and for ongoing operations.

Supplier Development

Purchasing local goods and services, transferring knowledge and skills, and increasing targeted local suppliers' capability to help them meet global standards and qualify for contracts with PNG LNG and others.

Strategic Community Investments

Helping to improve living standards and build community capacity via support for targeted community investments focused on sustainable health, education and agriculture projects.

“

We realise that one of the most important contributions we make to the countries where we operate is supporting economic growth and improving the quality of life.

”

*Jean Baderschneider
ExxonMobil Vice President
of Global Procurement
December 2007*



Environmental Performance

The PNG LNG Project is committed to operating in an environmentally responsible manner.

The Project will be managed with an in-depth scientific understanding of the environmental impact of our operations as well as the social and economic needs of the local communities. Prior to commencing construction of the PNG LNG Project we will have completed extensive environmental, social and public health impact assessments that consider matters such as community needs, sensitive environmental habitats, and biodiversity. The results of these assessments will be incorporated into a comprehensive Environmental Management Plan for implementation by the Project.

Safety is a Top Priority

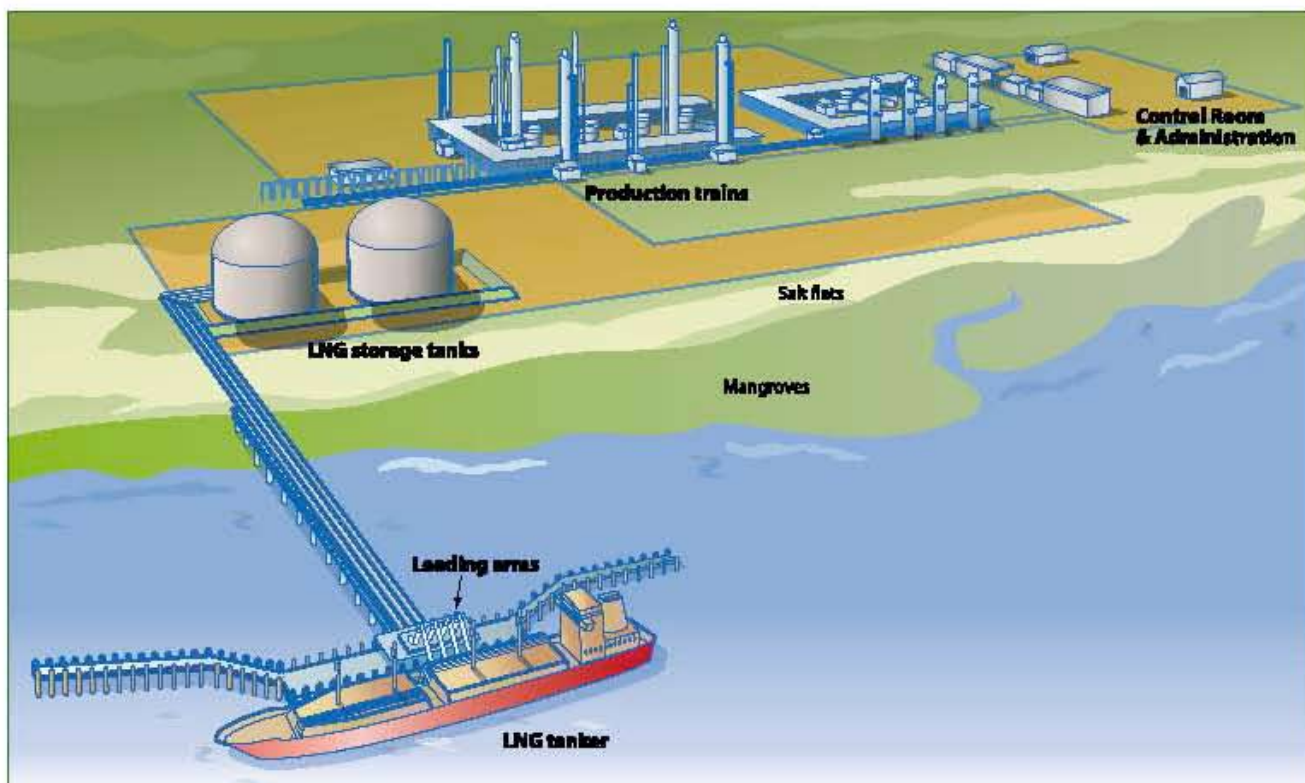
Safety is an overriding priority for the PNG LNG Project and it is committed to conducting its business in a manner that protects the safety of employees, others involved in its operations, the public and the environment. The international LNG industry has a proven safety record with more than forty years of shipping with no major incidents.

Safety features of the PNG LNG Project will include:

- ♦ *Facilities designed to international safety standards*
- ♦ *Pipelines buried underground*
- ♦ *Advanced monitoring and emergency shutdown systems*
- ♦ *Appropriate safety equipment*
- ♦ *Fenced perimeter including buffer zones*
- ♦ *Security patrols*



Proposed LNG Liquefaction and Storage Facility



Artist's impression, not to scale.



PNG LNG Logo

The PNG LNG brand image was designed around one of the nation's distinctive cultural icons, a traditional tribal mask, in PNG's national colours.

The two swishes represent gas emerging from the ground. The nicks in the right swish suggest the plumage of PNG's stunning Birds of Paradise.

Contact PNG LNG

Port Moresby - Project Headquarters

Esso Highlands Limited
Level 5, Credit House, Cuthbertson Street
GPO Box 118
Port Moresby NCD
Papua New Guinea
Telephone +675 322 2111
Facsimile +675 320 3457

Brisbane - Project Office

Esso Australia Pty Ltd
GPO Box 2230
Brisbane QLD 4001
Australia
Telephone +61 7 3811 9999
Facsimile +61 7 3811 9979

www.pnglng.com

Printed entirely on recycled paper.

© Esso Highlands Limited 2008

www.pnglng.com

PNG LNG



GLUE