



Introduction

At ExxonMobil, we strive to conduct our business in a manner that is protective of the environment and compatible with the environmental and economic needs of the communities in which we operate.



The 2009 Long Island Point (LIP) Plant Public Environment Report summarises our environmental achievements and initiatives, the results of air, groundwater and wastewater monitoring programs and provides an overview of our approach to environmental management and protection.

ExxonMobil's LIP Plant, situated near Hastings in the south-east of Melbourne, receives crude oil and liquefied petroleum gas (LPG) from the company's Longford Plant and completes the final stage of LPG processing prior to distribution to customers by ship, truck and pipeline. Crude oil is stored onsite and distributed to refineries around Australia and overseas via ship and pipeline. The facility has processed more than 700 million barrels of LPG and 3.9 billion barrels of crude oil since production began in 1970.

In December 2008 the facility's ethane pipeline in Port Philip Bay was severed by a third party ship anchor, resulting in a halt of ethane sales to local customers and a significant increase in ethane flaring. Until the pipeline could be re-commissioned on 6 March 2009, significant flare volumes were recorded. Despite this, LIP air emissions remained within licence limits on a tonnes per year basis.

Excluding the impact of the severed ethane pipeline, 2009 saw significant environmental improvements achieved across the site. Fuel use, emissions and flaring volumes were all reduced from last year as a result of improved operating and maintenance efficiency. Further, a strong focus has continued on reducing emissions, conserving water and decreasing energy usage. We aim to continuously improve our operating procedures so that we can work towards our environmental vision to Protect Tomorrow. Today.

Thank you for taking the time to read this report.

David I Anderson
Long Island Point Plant Manager
June 2010

Environment in Brief 2009

Improvement Initiatives

Environmental Improvement Plan initiatives completed during 2009 include:

Wastewater Management

- Completion of the Water Treatment Upgrade Project and associated projects totalling \$20 million. Combined, these projects will allow the water treatment system to deliver improved treated water quality

Greenhouse Gas Management

- Completion of a major Energy Efficiency Opportunities assessment to identify actions and programs aimed at improving energy efficiency

Waste Management

- Construction of a new waste yard to improve waste management, segregation and temporary storage of waste prior to disposal
- Increased recycling particularly of cardboard and paper
- Reduced consumption of disposable cups by providing reusable alternatives such as ceramic mugs

Water Conservation

- Use of rainwater for toilets achieved by installing two rainwater tanks on the new laboratory building

Wildlife Support

- Continued funding of local environmental projects including the Phillip Island Nature Park Seal Education Program, the Marine Discovery Centre at Queenscliff, the People and Parks Foundation Sea Search Program and the Western Port Seagrass Partnership



Performance

Environmental performance highlights for LIP during 2009 include:

- Full compliance with Environment Protection Authority (EPA) licence requirements
- A 4% decrease in fuel use from 2008
- Excluding the impact of the ethane pipeline in January, February and March
 - A 40% reduction in flaring from 2008
 - A 6% decrease in greenhouse gas emissions from 2008
- A 14% increase in water use compared to 2008
- A 71% increase in smoke hours compared to 2009

Protect Tomorrow. Today.

ExxonMobil is committed to continuous efforts to improve environmental performance. This ongoing commitment is documented in our Environment Policy which can be accessed on our website www.exxonmobil.com.au.



Our Operations Integrity Management System (OIMS) provides the structured framework for implementing our environmental policy across all our operations. Within the OIMS structure, ExxonMobil operates an Environmental Management System (EMS) which meets all requirements of the International Standards

Organisation's (ISO) 14001: Environmental Management Systems, the recognised international standard for Environmental Management Systems.

Environmental Business Planning is a tool used within the EMS framework to integrate environmental improvements into the annual business planning cycle. The key outcomes of this process are the LIP Environmental Management Plan (EMP) and Environmental Improvement Plan (EIP).

The LIP EMP describes the environmental aspects and risks of the operation, and the controls and monitoring in place to reduce the potential for impacts on the environment. This plan forms the basis of the day-to-day management of the facility. The EIP sets out specific longer-term initiatives and actions to drive continual improvement in environmental performance at the site.

Monitoring Results

Fuel and Flare

LIP energy use is predominantly methane and ethane fuel gas used to power process equipment. Fuel gas consumption in 2009 was reduced compared to 2008 continuing the downward trend as shown in the graph (see right). As a result of the Energy Efficiency Opportunity assessment completed during the first half of 2009, 17 potential projects and actions have been identified. Many of these projects are planned to be implemented over the next five years which will continue to reduce the facility's fuel and energy use.

Process gas is combusted under controlled conditions in flares to protect personnel, the environment and plant equipment when there is an interruption to normal operations or as a last option for disposal during irregular customer demand.

There was a large increase in total flare volumes in 2009, however approximately 60% of the total flaring was due to emergency flaring during the ethane pipeline rupture event.



Air Emissions

Air emissions at LIP are determined using the Environment Protection Authority (EPA) agreed Fuel Monitoring and Emissions Calculations Protocol to calculate carbon monoxide (CO), nitrous oxides (NOx), total hydrocarbons (THC) and sulphur oxides (SOx) emissions from the facility.

During the first quarter of 2009, carbon monoxide emissions were unusually high due to the damaged ethane pipeline and associated flaring activity. However, following re-commissioning of the pipeline, the facility returned to stable operation. Despite this, 2009 annual air emissions were in compliance with licence limits.

The plant's greenhouse gas emissions for 2009 were calculated according to methods described in the National Greenhouse and Energy Reporting (NGERs) Determination. Although LIP experienced large flare volumes during 2009, total yearly greenhouse gas emissions were 6% lower than those produced during 2008 primarily due to a reduction in fuel used.

Smoke Emissions

Smoke may occur at the facility due to flaring at times of customer instability, periods with unexpected compressor shutdowns or plant upsets. A total of 61 hours of smoke above the Ringlemann 1 threshold (the Ringlemann scale is a measure of opacity) was recorded over 2009. This is greater than the smoke time recorded during 2008 which was due to increased flaring whilst the ethane export pipeline was being repaired.

Wastewater Monitoring

Wastewater at LIP comprises treated produced formation water, process water and stormwater from process areas. These wastewater streams are directed to an interceptor pond for treatment prior to discharge. The plant holds an EPA Licence to discharge this treated wastewater to Western Port Bay via a multipoint diffuser located 600m offshore. Wastewater quality is monitored for compliance with EPA licence discharge criteria on a regular basis.

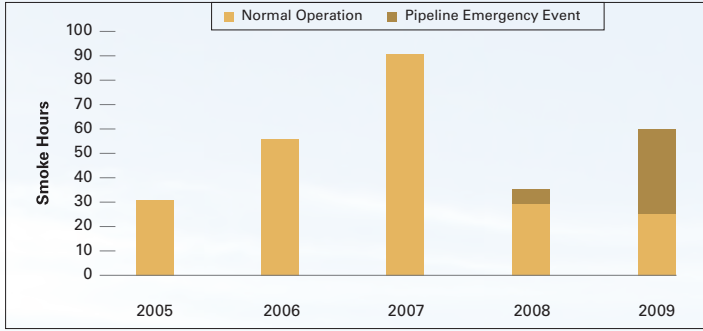
The wastewater treatment system was out of service for the duration of 2009 as a result of work on the Water Treatment Upgrade Project. As such, there were no discharges of wastewater during 2009 and wastewater quality testing was not required.

Construction on the Water Treatment Upgrade project commenced in the second half of 2008 and continued through 2009. It is expected that the entire water treatment system will be commissioned in 2011 (see photos on right).

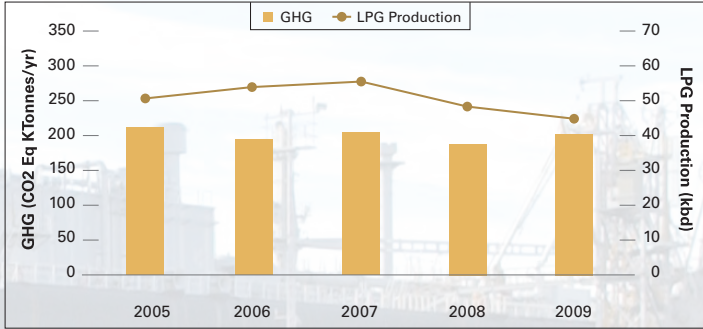
The project has completed the conversion of the wastewater treatment interceptor into a three pond system consisting of a treatment, settling and final retention pond. A clay separation wall divides each pond and all ponds have been lined to ensure untreated wastewater is contained in the ponds.

We have now commenced the second phase of upgrades with the initiation of the Stripper Reliability Project. This project will ensure that water is directed to the water treatment interceptor at the required rate and will also implement additional safeguards to ensure that water that does not meet the required quality specifications is not discharged.

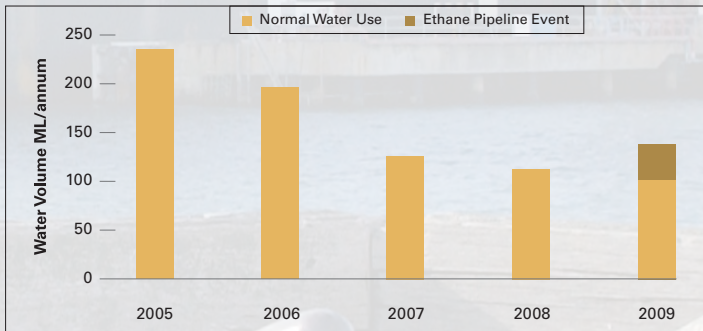
LIP Smoke Hours



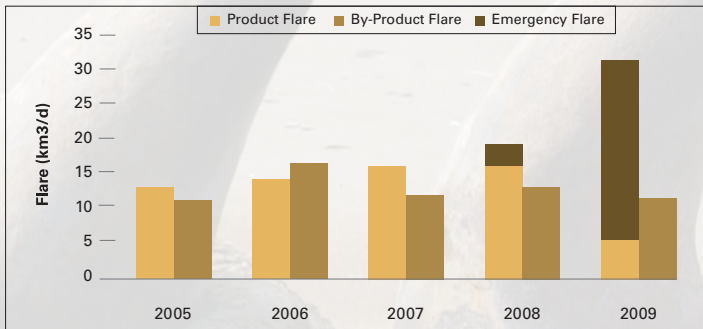
LIP Greenhouse Gas Emissions



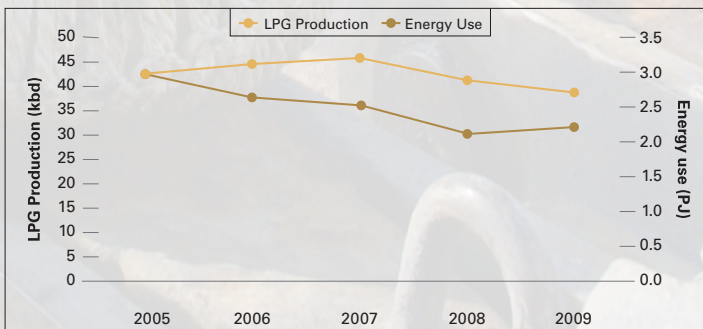
LIP Annual Water Consumption



LIP Flare Volume



LIP LPG Production & Energy Use



Upgraded Water Treatment Facility



Contact Details

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Company Background

The Long Island Point Plant and associated Bass Strait oil and gas production facilities are owned by Esso Australia Resources Pty Ltd ("EARPL") and BHP Billiton Petroleum (Bass Strait) Pty Ltd ("BHPB") in a 50:50 joint venture for the exploration, development and production of oil and gas from the Bass Strait. EARPL is the designated Operator of the joint venture under the Gippsland Joint Venture Operating Agreement. EARPL receives services, including personnel, from its wholly owned subsidiary, Esso Australia Pty Ltd ("Esso"). Esso has responsibility for the day to day management and operation of the production facilities. EARPL is a subsidiary of ExxonMobil Australia ("ExxonMobil") which forms a part of the Exxon Mobil Corporation group of companies.

Environmental Improvements

Environmental improvement initiatives at LIP focus on improving wastewater quality, reducing fuel and potable water use and minimising flaring, smoke and waste generation. These initiatives are identified in the site's EIP which also contains both medium and long term improvement strategies.

A key environmental improvement throughout 2009 was the upgrade of the Water Treatment system which, upon completion of related projects in 2011, will facilitate commissioning of the entire wastewater treatment facility. This will enable processing of the significant backlog of wastewater accumulated over the project's duration. Esso also plans to complete a comprehensive study on the effects of treated wastewater discharge to Western Port Bay throughout 2010-11.

Energy efficiency was again a strong focus for the plant and in particular the work of the Energy Conservation Team. In 2009 LIP participated in the Energy Efficiency Opportunities (EEO) program which involved local ExxonMobil experts applying the Production Operations Energy Management System Best Practices. Engineering, Operations and Maintenance personnel, together with external consultants, identified 17 potential energy saving opportunities including fired heater efficiencies and compressor optimisations. Many of these projects are planned for implementation over the next five years and progress will continue to be regularly reported to the Department of Resources, Energy and Tourism and the Victorian EPA.

Potable water usage at LIP has also continued to be a focus area. Rainwater is now being used for toilets following the successful installation of rainwater tanks on the laboratory building whilst other medium to long term actions identified under the site's Water Management Action Plan (WaterMAP) will continue to be evaluated for feasibility.

Improvements were also made to LIP's waste handling system. A new waste yard is being constructed which will significantly enhance the waste handling and recycling ability of the site. Furthermore, actions identified in LIP's Environment and Resource Efficiency Plan (EREP) will continue to be stewarded through annual reporting. Initiatives including increased recycling of general waste and a focus on reducing disposable cup usage by providing reusable ceramic cups assisted the site to minimise waste.

ExxonMobil also has a range of long term environmental programs at its sites and participates in a number of environmental committees and improvement reporting programs including:

- The National Pollutant Inventory
- The Energy Efficiency Opportunities Program
- The Environment & Resource Efficiency Plans (EREP) Program
- Water Management Action Plan (WaterMAP) Program
- Community groups and industry forums including APPEA Environment Affairs Committee, Port of Hastings Corporation Community Reference Group, Dutson Downs Advisory Committee and Gippsland Water Coastal Advisory Committee
- Emergency response drills focusing on spill prevention, clean up and the use of oil spill equipment.

Corporate Citizenship

At ExxonMobil, our approach to corporate citizenship involves more than compliance with applicable laws. In addition to striving for operational excellence, we are committed to supporting and engaging with the communities where we operate.

Each year, in addition to our business activities, ExxonMobil supports community projects through its contributions program and employee volunteering programs. Our contributions program gives priority to projects that promote education, community health and safety, environment and community support/volunteering. The program supports major initiatives with broad community benefits and local projects close to our facilities. Examples of environmental research, conservation and education projects supported by ExxonMobil include Phillip Island Nature Park's seal education program, the Marine Discovery Centre at Queenscliff, the People and Parks Foundation Sea Search Program (community volunteers monitoring Victorian marine parks, including Mushroom Reef), and the Western Port Seagrass Partnership (development of a DVD on the decline of seagrasses in Western Port Bay).

ExxonMobil Australia and BHP Billiton Petroleum jointly support local environmental projects in Western Port including the Dolphin Research Institute and the Somers Foreshore Committee of Management.

ExxonMobil Australia has two employee volunteering programs that assist community groups. The Volunteer Involvement Program (VIP) provides \$1,000 donations to community groups to recognise the personal volunteering efforts of ExxonMobil Australia's employees. In 2009, 133 grants (\$133,000) were awarded to community groups through the VIP. The Day of Caring, held in October 2009, involved 280 employees helping 24 community groups, including one in Hastings, Victoria.

Exxon Mobil Corporation's community involvement includes global initiatives such as the Malaria Initiative and Women's Economic Opportunity Initiative in developing countries and Save the Tiger Fund. The company also sponsors scientific research to improve the understanding of complex environmental issues and develop sustainable energy sources. ExxonMobil Corporation has teamed up with biotech firm Synthetic Genomics Inc. in a long-term project to research and develop next-generation biofuels from photosynthetic algae. In addition, during 2009, ExxonMobil continued its 10 year US\$100 million investment in Stanford University's Global Climate and Energy Project (G-CEP). This project is a pioneering research effort to identify technologies that can meet energy demand with dramatically lower greenhouse gas emissions. Study areas include solar energy, hydrogen, biofuels and advanced transportation. One of the research teams is based at the University of New South Wales (UNSW) in Sydney focusing on solar cells on a nano scale.

We also believe it is important to maintain open lines of communication with the communities in which we operate. In order for us to operate over the long term, we must be open to community input and inform and advise the community on issues relevant to our operations.