

Anglo-Mitsui is unaware of the basis upon which the tariff was set.

1.3 Questions relating to the statement in section 3.3(c)(iii)

(a) Is this correct?

This is correct. Anglo-Mitsui purchased the assets of the Oil Company of Australia (Moura) Pty Limited and Oil Company of Australia (Moura) Transmissions Pty Limited rather than acquiring the companies themselves.

(b) What were the circumstances of this purchase?

Origin wished to sell its entire Moura gas business and intended to sell the assets of the Moura gas business as a package. The sale took place through a private auction. There were a number of bidders, and Anglo-Mitsui was the successful party.

The transaction involved four Sale and Purchase Agreements (**Agreements**). Together, these Agreements provided for the sale of a basket of assets from Oil Company of Australia (Moura) Pty Limited and Oil Company of Australia (Moura) Transmissions Pty Limited to Anglo-Mitsui. The DVP was only one of the many assets included in the Agreements.

The DVP was included as one of the assets transferred by one of those Agreements, executed on 7 September 2005.

2. Questions of 5 March 2007

In your email of 5 March 2007, you sought clarification of certain additional information. We have addressed each of your requests in turn below.

2.1 Could you provide a map of the DVP and its surrounds that would be suitable to attach to the decision documents please.

We will forward this by separate cover.

2.2 The NCC final recommendations document (August 2005, p. 9) indicates that OCA has stated that the capacity of the DVP is 20 TJ per day. However, the AAI states that the pipeline capacity is 30 TJ per day. Could you explain this apparent increase in maximum capacity.

We confirm that the theoretical maximum capacity of the DVP based on the simple capacity of the pipeline is 30TJ/day.

However, the practical maximum capacity utilising current equipment is approximately 22 – 24TJ/day. This has been confirmed by detailed flow simulation and modelling which indicate that a maximum flow of between 22 – 24TJ/day is possible with the existing compressors and dehydration equipment. The existing compressors have pressure ratings slightly lower than the DVP theoretical maximum pressure and hence constrain the capacity of the DVP. To reach the maximum capacity of 30TJ/day, additional investment would be needed to improve the existing compressors and ancillary equipment.

2.3 The NCC final recommendations document (p. 9) indicates that some gas transported on the DVP is used by the Queensland Nitrates plant. Is this plant still operating and using gas? Is the gas used transported through the DVP? Who supplies the plant with gas?

The Queensland Nitrates plant is still operating and using gas. The gas is supplied by Anglo-Mitsui under a contract for delivered gas and is transported through the DVP.

2.4 Apart from any gas taken by the Queensland Nitrates plant, who are the end users of the gas that is transported through the DVP?

All other gas that is transported through the DVP is sold to AGL. Prior to AGL's purchase of Energex's Sun Gas business, the gas was sold to Energex's Sun Gas.

2.5 The NCC final recommendations document (p. 10) indicates that OCA considered that it could deliver 3 PJ per year for 20 years through the DVP from the Dawson Valley CSM fields. What are the current reserves?

The 2P Reserves for the combined Dawson area (combined gas reserves contained within the both the PL and ML areas) are approximately 180PJ. Anglo-Mitsui does not have separate reserves estimates for each pipeline.

2.6 Please provide a description, with evidence, of the variability of throughput for the DVP.

As part of its Access Arrangement, Anglo-Mitsui provided a graph entitled 'Moura – PL 94 Monthly Production'. Anglo-Mitsui consider that monthly production can be used as a proxy for historical throughput.

2.7 In the confidential supporting information (pp. 3-4) it is stated that the purchase price allocation is not an accurate representation of value of the DVP. Why does Anglo Coal consider that [redacted] is not an appropriate sale value of the DVP? If this is not an appropriate value, please advise what is considered appropriate, and why.

We confirm that the Confidential Supporting Information stated that the purchase price allocation is only an allocation and not an accurate representation of value.

Anglo-Mitsui considers that the figure of [redacted] is not necessarily an accurate representation of value because, as is explained in 1.3(b) above, the DVP was purchased as part of a basket of assets. The total sale price was reached in a private commercial auction situation and reflects a range of factors including what value or synergy the purchaser could bring to the transaction.

2.8 In reference to the operating costs breakdown provided,

(a) What are 'recoveries' for Anglo Coal (Dawson Management)?

'Recoveries' are fees that are charged to Anglo-Mitsui's joint venture partners (Molopo-Helm), in respect of their share of the gas from Anglo-Mitsui Molopo-Helm joint venture areas, for production services and processing.

(b) What is the basis for the allocation of 12% of Anglo Coal (Dawson Management) costs and 6% of Anglo Coal Australia costs.

The basis for this allocation is a best estimate based on the proportion of management time and effort attributable to the operation and management of the DVP.

If you require any further information, please contact Margaret Brown on (07) 3119 6388.

Yours faithfully
MINTYR ELLISON

