1. Applicant

This Application is made by:

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2. Applicant's Address

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3. Pipeline

The pipeline in respect of which coverage is sought is referred to as the Dawson Valley Pipeline (the 'Pipeline'). Particulars of the Pipeline are set out in Table 1 and the location of the Pipeline is illustrated in Figure 1.

Pipeline Licence	PPL 26 (Queensland)
Route	From Dawson Valley to the Wallumbilla to Gladstone Pipeline
Length	47 km
Diameter	168.3 mm
Owner and Operator	Oil Company of Australia (Moura) Transmissions Pty Limited

Table 1: Particulars of the Dawson Valley Pipeline

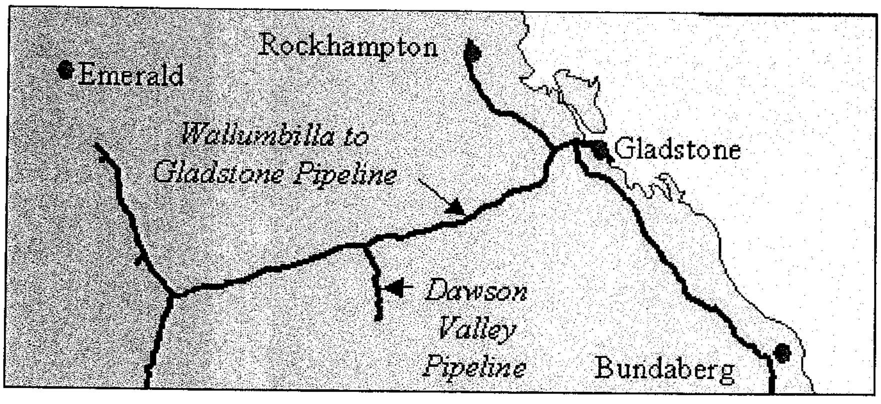

Figure 1: Location of Dawson Valley Pipeline

4. Pipeline Operator

The operator of the Pipeline is Oil Company of Australia (Moura) Transmissions Pty Limited ('OCA'), ABN 52 072 109 865.

5. Coverage Sought

Coverage of the whole of the Pipeline is sought.

6. Reason for Seeking Coverage

The Applicant has a 25% interest in PL94 through which the Pipeline runs. A further 50% of the ownership of PL94 is held by Oil Company of Australia (Moura) Pty Limited, the parent company of OCA, while the remaining 25% interest is held by Helm Energy Australia.

Within PL94, the Applicant has identified and is producing gas from proven reserves (the 'Mungi Gas Field'). The independently certified proven and probable (ie, P50) reserves of the Mungi Gas Field are 25 PJ although it is estimated that the field may contain some 162 PJ of recoverable gas. In addition, other significant prospects exist for discovery of gas within the areas surrounding the Mungi Gas Field.

The initial production of gas from the Mungi Gas Field has been sold to Origin Energy Limited ('Origin'), a related company of OCA. Following development of the Mungi Gas Field, the prospect now exists for sales of gas directly to end users in the Queensland gas market. Gas sold to Origin has been, and gas sold to other parties will need to be, delivered through the Pipeline.

The ability of, and price at which, the Applicant can offer gas for sale into the Queensland gas market are dependent (respectively) upon the availability of capacity in and the level of tariff charged for use of the Pipeline. The Applicant has been unable to secure suitable terms that would offer certainty regarding the terms and conditions upon which spare capacity of the Pipeline will be available. In turn, this frustrates the Applicant's ability to develop gas sales arrangements to meet the many varied requirements (for example, in respect of contract term, gas flow rate and gas price) of Queensland gas users. Coverage of the Pipeline, if granted, will ensure:

a) access is available to the Pipeline on terms and conditions refecting the provisions of the National Third Party Access Code for Natural Gas Pipeline Systems ('National Gas Code'); and

b) ring-fencing of OCA's gas transmission activities from related business activities.

7. Coverage Criterion

a) Coverage will promote competition

Access to services that can be provided by Pipeline will facilitate marketing by the Applicant of gas from the Mungi Gas Field, and from identified prospects within the vicinity of the Pipeline. Access to services that can be provided by Pipeline will therefore promote competition in the Queensland gas market. Competition within the Queensland gas market is presently constrained in view of the limited availability of gas from competing producers.

b) Development of alternative pipeline infrastructure is uneconomic

The cost of new pipeline infrastructure to facilitate delivery of the Applicant's interest in gas produced from the Mungi and other potential gas fields would be of the order of $2.5m. This cost is inclusive of metering and regulation equipment and is based upon the need for at least 20 km of 88.9 mm diameter pipeline. An industry indicative pipeline cost (inclusive of land access and owner's cost) of $1,250/mm/km for small diameter, short distance pipeline construction.

This level of capital expenditure cannot be justified on the basis of presently proven gas reserves, particularly since there is existing spare capacity within the Pipeline.

c) Pipeline access can be safely provided

Gas from the Mungi Gas Field that has been sold to Origin is already delivered by means of the Pipeline. This demonstrates that access to the Pipeline can be safely provided.

Delivery of gas through the Pipeline has involved the installation of interconnecting pipework, gas compression facilities and associated metering and control equipment. The Applicant and its joint venture partners have met the majority of the cost of this work.

d) Access is not contrary to the public interest

The public interest will be enhanced through increased competition for supply of gas into the Queensland gas market. Costs associated with the development of Access Arrangements (estimated by OCA to be of the order of $100,000 to $150,000[1]) are modest when compared with the benefits that can flow from increased competition for the supply of gas. For example, a gas price improvement of just $0.10/GJ would deliver a benefit of $1.6m pa even with the benefit limited to 162 PJ (the estimated quantity of gas recoverable from the Mungi Gas Field) of gas over a 10 year period.

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[1] Refer to application for revocation of coverage submitted to the National Competition council by OCA on 10 August 2000.

8. Overview of Access Requests

To facilitate its gas marketing efforts, the Applicant requires certainty that spare capacity in the Pipeline will be available on reasonable commercial terms. The need for certainty is particularly important to the marketing of coal seam methane given the long lead times for proving of gas reserves and the marginal economic nature of coal seam methane production. In the absence of certainty regarding the terms on which capacity will be available, it is difficult to respond to emerging gas market opportunities, or to develop new markets.

9. Other Relevant Information

The Pipeline was constructed in 1996 and was acquired by OCA in 1998. The Pipeline was included in Schedule A to the National Gas Code and was, therefore, subject to coverage when the National Gas Code commenced.

Following application by OCA, coverage of the Pipeline was revoked on 23 November 2000. Coverage was revoked on the basis that coverage criterion (a) and (d) of the National Gas Code were not satisfied. It was accepted that criterion (b) and (c) were satisfied.

Changed circumstances since 2000 mean that coverage criterion (a) and (d) are now satisfied. In particular:

Criterion (a): *that access (or increased access) to Services provided by means of the Pipeline would promote competition in at least one market (whether or not in Australia), other than the market for the Services provided by means of the Pipeline*

Since 2000, the discovery of gas in, and the development of, gas fields adjacent to the route of the Pipeline has lead to expanded use of the Pipeline. More particularly, the Applicant has sought access to the pipelines and it is probable that expanded access will be required in future to allow delivery of gas from new resources. There is no longer only one gas user in the Dawson Valley area.

Criterion (d): *that access (or increased access) to the Services provided by means of the Pipeline would not be contrary to the public interest*

In view of the benefits that will be realised through increased competition in the Queensland gas market (as gas from the Mungi Gas Field and other new discoveries serviced by the Pipeline is sold into the market), coverage of the Pipeline will confer net public interest benefits.