



Department of
Mineral and Petroleum Resources

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Attention: Mr Robert Pullella

Dear Dr Michael

**DAMPIER TO BUNBURY NATURAL GAS PIPELINE –
ACCESS ARRANGEMENT**

The Department of Mineral and Petroleum Resources (MPR) notes the recent outcome of the Full Court's deliberations in relation to the above matter.

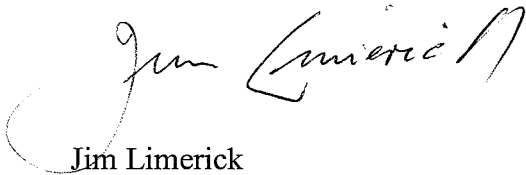
In response to your call on 2 September 2002 for public submission, MPR views the following factors as of importance to your response to the Full Court's decision.

Timing is critical. Delays in finalising the gas tariff issue are damaging Western Australia both in terms of negotiating for the development of new industry and in terms of the global view of Western Australia as a safe and stable place within which to invest. Gas related development in many cases will remain on hold in the South West while the tariff issue remains outstanding.

With respect to the level of the tariff, from the viewpoint of needing to encourage new industry to develop within Western Australia the lower the tariff the better.

A low tariff, however, may impact on EPIC's future financial viability. Further Court cases notwithstanding, the inability of EPIC to service its borrowings on the pipeline could eventually lead to the sale of the pipeline to a new owner, admittedly at sale price that will reflect and support the new tariff regime. Our concern, however, under this scenario is that there is the possibility of delaying any commitment for increasing Dampier to Bunbury Natural Gas Pipeline capacity for perhaps 12 – 24 months. Such an hiatus in decision making on future gas availability in the South West would severely constrain the State's ability to attract new investment.

We recognise you have a difficult decision to make but would strongly encourage you to make this decision as quickly as possible.

A handwritten signature in black ink, reading "Jim Limerick". The signature is written in a cursive style with a large, looping initial "J".

Jim Limerick
DIRECTOR GENERAL

29 October 2002