

**Ayres Lisa**

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**From:** Michael WILTON [WILTON@mel.dmb.com.au]  
**Sent:** Monday, 25 September 2000 7:02 PM  
**To:** david.hatfield@accc.gov.au; lisa.ayres@accc.gov.au  
**Subject:** Santos Fact Sheet.DOC

**Follow Up Flag:** Follow up  
**Due By:** Wednesday, 27 September 2000 5:30 PM  
**Flag Status:** Flagged



SantosFa.DOC

David,

Attached is the "Santos Fact Sheet" I mentioned today. I confirm that Santos are happy for it to be put on the public register.

Michael

## Santos' Involvement in PNG Gas Project

- 1 Santos' interest in the PNG Gas Project is held through its two wholly owned subsidiaries, Lavana Limited and Zan Star Limited. These companies, which are both incorporated in PNG, hold interests totalling 31% in PDL1 (including the major part of the Hides field).
- 2 The Boards of Directors of Lavana and Zan Star comprise NR Adler (who is due to retire of 30 September 2000), JW McArdle and a PNG resident director. JW McArdle is also the Chief Executive Officer of both companies. The Company Secretary of both companies is MG Roberts. Neither company has any employees.
- 3 NR Adler and JW McArdle are also Directors of Santos Limited (although NR Adler is due to retire on 30 September 2000). MG Roberts is the Company Secretary and General Counsel of Santos Limited.
- 4 Within Santos Limited, there are four separate business units as follows:
  - Queensland and Northern Territory Business Unit (QNTBU), based in Brisbane, with responsibility for the Santos group's activities in Queensland and Northern Territory (Onshore).
  - South Australian Business Unit (SABU), based in Adelaide, with responsibility for the Santos group's activities in South Australia and Victoria (including offshore Victoria and Tasmania).
  - Offshore Australia Business Unit (OABU), based in Adelaide, with responsibility for the Santos group's activities offshore Western Australian and Northern Territory.
  - South East Asia Business Unit (SEABU), based in Brisbane, with responsibility for the Santos group's activities in South East Asia, including PNG. SEABU currently has responsibility for all Santos group interests in PNG with the exception of PDL1.
- 5 Currently, no one within any of the above business units is privy to any information concerning Santos' potential interest in the PNG Gas Project including its interests in PDL1, other than information which is in the public domain. Information concerning the Santos group's potential interest in the PNG Gas Project has, to date, been confined to a small number of individuals at the highest level within Santos and kept confidential from personnel within each of the business units.
- 6 Pursuant to Confidentiality Agreements entered into by each of Zan Star and Lavana with Chevron Australia Pty Limited, each of Zan Star and Lavana has agreed to maintain the confidentiality of information disclosed to it in discussions about participation in the PNG Gas Project. Pursuant to these agreements, Zan Star and Lavana may only use the confidential information for the purpose of investigating the feasibility of its participation in the PNG Gas Project and are only entitled to disclose confidential information to *"the Directors of Lavana, Zan Star Limited and Santos Limited and to the following employees of Santos Limited:*
  - (i) JW McArdle, Director
  - (ii) NR Adler, Director
  - (iii) RM Cooke, Commercial Manager - SEABU (resigned)

- (iv) *MG Roberts, Secretary, Group General Counsel*
  - (v) *MJ Lawry, Taxation Manager*
  - (vi) *AK Khurana, General Manager, Petroleum Development*".
- 7 Whilst the General Managers of each of the Business Units attend Santos Limited Board Meetings as observers, they are excluded from any Board discussions concerning the PNG Gas Project. These discussions are conducted by the Board in private session and will continue to be so.
- 8 In the medium term it is proposed to transfer responsibility for Santos' interest in PDL1 to SEABU. If members of SEABU do become involved in managing Santos' interest in the PNG Gas Project, they will be required to sign internal Confidentiality Agreements and the dissemination of marketing information will be confined to approximately three officers of SEABU.
- 9 As a result of the above ring fencing arrangements, no employee of QNTBU, SABU, OABU or SEABU has access to PNG Gas Project information, including marketing information.