

# Freehills

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22 June 2006

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 Matter no 80993232  
 Doc no Perth003986189

Mr Scott Gregson and Mr David Hatfield  
 Australian Competition and Consumer Commission  
 470 Northbourne Ave Dickson ACT 2602

Attention: Mr David Hatfield

By facsimile  
 Fax number 02 6243 1199

Dear Sirs

## ENI - Power and Water Gas Sales Agreement Notifications

Thank you for your letter of 20 June 2006.

Our client has instructed us as follows -

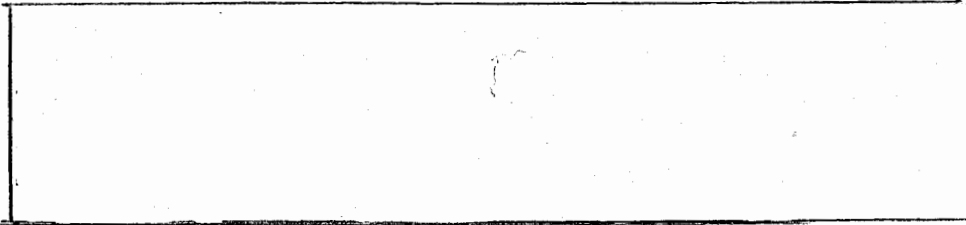
1. Clause 15.1 of the GSA was requested by the Buyer (PWC). PWC is currently the sole supplier of electricity in the Northern Territory, including to customers (such as hospitals and nursing homes) for whom reliability of supply is important. PWC has explained to our client that the purpose of the clause is to preserve, so far as possible, PWC's ability to perform its statutory function as the electricity supplier of last resort.
2. The clause does not restrict Eni's right to contract additional reserves to other customers. The only issue is whether the curtailment provision would, as a practical matter, significantly limit Eni's ability to sell additional Blacktip gas.
3. Eni is designing its facilities to the highest industry standards, such that it expects to be able to achieve 98% reliability, which is the industry benchmark. It follows that curtailment is unlikely to be seen by customers as a significant risk.
4. Eni's facilities will also include a second, "pickup" well, so that, if production of gas from its main well is interrupted, the pickup well can take over for the duration of the interruption.

5.

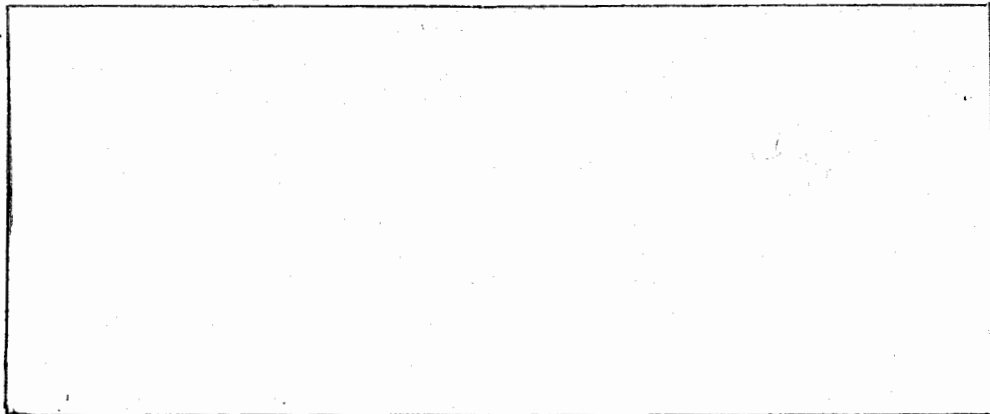
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6.



7. Eni would also expect that end users with a particular need for reliable electricity supply would have their own fallback equipment.
8. For all of the above reasons, Eni does not anticipate the curtailment provision in clause 15.1 being likely to be a significant deterrent to other potential customers. In fact, the clause would not have been agreed by Eni had it regarded the clause as having a likely significant deterrent effect.

We hope the above sufficiently deals with the issue raised in your letter. However, we would be grateful for the opportunity to discuss the matter further with you if you have any remaining concerns.

Yours faithfully  
Freehills  
per:

A handwritten signature in black ink, appearing to be 'S. Standing'.

*per* Steve Standing  
Special Counsel