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Mr Simon Mitchell  
Project Officer

20 September 2010  
Matter 81781482  
By email

Dear David and Simon

## **North West Shelf authorisations A91220, A91221, A91222, A91223: ring fencing audit**

On 8 September 2010 the Australian Competition and Consumer Commission (ACCC) released its determination in relation to authorisation applications A19220, A19221, A19222 and A19223 made by the North West Shelf (NWS) venture participants (Determination).

The ACCC granted authorisation conditional upon the relevant NWS venture participants' compliance with the Ring Fencing Protocol provided as Attachment 6 to the NWS venture participants' submission dated 31 March 2010. As part of this condition, the ACCC requires (amongst other things) a review by an ACCC approved independent compliance auditor of the operation of and compliance with the Ring Fencing Protocol, to be completed by 10 October annually, or a later date agreed to by the ACCC in writing, until the conclusion of the term of the authorisation.

In accordance with this condition and the terms of the Ring Fencing Protocol, the NWS venture participants with a Rival Project in Western Australia (being BHP Billiton Petroleum (North West Shelf) Pty (BHPB) Ltd, Chevron Australia Pty Ltd (Chevron) and Shell Development (Australia) Pty Ltd (Shell)) as well as North West Shelf Gas Pty Ltd (NWSG), are required to undergo an independent ring fencing audit in 2010.

### **1 Approval of Deloitte as independent compliance auditor**

The NWS venture participants seek the ACCC's formal approval of Deloitte Touche Tohmatsu (Deloitte) as the independent compliance auditor for the purposes of the ring fencing conditions in the Determination. We note that the key partner contact at Deloitte for this work will be Mr Richard Thomas.

Deloitte, and Mr Richard Thomas in particular, already have substantial relevant experience in relation to what is required for this type of compliance audit.

Deloitte is a highly credible, relevantly experienced and independent auditor. The NWS venture participants believe that Deloitte will deliver a considered, consistent, effective and efficient approach to this work.

As you are aware, the relevant NWS venture participants have already engaged Deloitte and have undertaken substantive work in preparation for compliance with the ring fencing conditions.

### **2 Extension of date for completion of 2010 audit for BHPB and NWSG**

As the ACCC is aware, Shell and Chevron are already required to undergo an audit of their internal ring fencing arrangements by 10 October annually as part of the authorisation granted to the Gorgon Project.

## Freehills

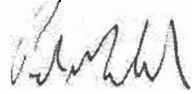
However, due to the short period of time between the Determination and 10 October 2010, both BHPB and NWSG (who will be undertaking this type of audit for the first time) are concerned about their ability to ensure the audits are completed by 10 October this year.

For this reason, the NWS venture participants request that the date for completion of the initial 2010 independent audit for BHPB and NWSG be extended to 12 November 2010.

Thereafter, all of the NWS venture participants with a Rival Project and NWSG anticipate they will be in a position to comply with an annual 10 October audit deadline for the duration of the authorisation.

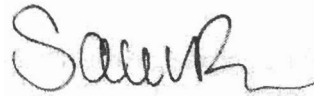
We look forward to your confirmation of these matters. Please feel free to contact us if you would like to discuss this further.

Yours sincerely



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