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18 October 2021

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Dear Interested Party

Request for submissions: Woodside's proposed acquisition of BHP Petroleum

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on, and information to help us assess, the proposed acquisition of BHP Petroleum International Pty Ltd (**BHP Petroleum**) by Woodside Petroleum Limited (**Woodside**) (the **proposed acquisition**).

Woodside and BHP Petroleum are both oil and gas companies with oil and gas operations and exploration, development and production activities. Woodside has assets and operations in Western Australia and overseas. BHP Petroleum has assets in Western Australia, Bass Strait and overseas. Woodside and BHP Petroleum both export Liquefied Natural Gas (**LNG**), Liquefied Petroleum Gas (**LPG**), condensate and oil from Australia and supply domestic gas to consumers in Western Australia (**WA domgas**). Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- whether Woodside and BHP Petroleum are close competitors for the supply of WA domgas or the export of LNG, LPG, condensate and oil,
- the likely impact of the proposed acquisition on prices for the supply of WA domgas or the export of LNG, LPG, condensate and oil,
- the likely impact on the use of, and access to, WA domgas infrastructure, including processing capacity,
- the availability of alternatives to customers.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **29 October 2021** via email with the title: *Submission re:*

Woodside BHP Petroleum - attention Sidd Sharma / Shermara Fernando. If you require more time to respond, please let us know. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Shermara Fernando on 02 9230 3893 or Sidd Sharma on 02 9102 4011.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

Woodside

Woodside is a large oil and gas exploration and production company listed on the Australian Securities Exchange (**ASX**). Based in Perth, it operates primarily in Western Australia with global interests in Senegal, Myanmar, Canada and Timor-Leste (among others).

Woodside holds an interest in a number of resource projects in Australia, all of which are located in Western Australia. These include the:

- North West Shelf (**NWS**) project (16.67%), Australia's largest LNG project by capacity. Woodside also operates the NWS project. The NWS project supplies WA domgas and oil, LNG, LPG and condensate to customers in international markets (mostly customers in the Asia Pacific region).
- Wheatstone (13%) and Pluto (90%) projects which process and supply WA domgas and export LNG and condensate.
- Scarborough (73.5%) and Browse (30.6%) prospective projects. Scarborough and Browse are anticipated to produce LNG for export and WA domgas.
- Greater Enfield project (Ngujima-Yin FPSO) (60%), producing oil from the Vincent and Greater Enfield resources for export. Woodside also operates this project.

BHP Petroleum

BHP Petroleum is a wholly owned subsidiary of BHP. BHP extracts and processes minerals, oil and gas, primarily in Australia and the Americas. BHP Petroleum includes oil and gas assets in Western Australia and in the Bass Strait, as well as global oil and gas assets in Algeria, US Gulf of Mexico, Trinidad and Tobago (amongst others).

BHP Petroleum holds an interest in a number of resource projects in Australia, including the:

- NWS (16.67%), Macedon (71.43%) and Pyrenees (71.43% in WA-42-L title and 40% in WA-43-L title) (oil only) projects in Western Australia. The LNG, LPG, condensate and oil produced from these facilities is exported.
- Bass Strait project in Victoria (50% in Gippsland Basin Joint Venture and 32.5% in Kipper Unit Joint Venture), consisting of offshore facilities, onshore plants and associated pipeline infrastructure. BHP Petroleum supplies oil, condensates and LPG from the Bass Strait to international and domestic customers.
- Scarborough (26.5%) prospective project in Western Australia (see above).

The proposed acquisition

Woodside proposes to acquire 100% of the share capital of BHP Petroleum. Following the proposed acquisition, Woodside would be owned 52% by existing Woodside shareholders and 48% by existing BHP shareholders. Completion is expected by Q2 2022.

Overlap

Woodside and BHP Petroleum overlap in the supply of domestic gas in Western Australia (**WA domgas**). Woodside and BHP Petroleum also overlap in the export of LNG, condensate, LPG and oil produced from assets in Australia.

Attachment B

1. Please describe your organisation and explain your interest in the proposed acquisition, including any commercial or competitive relationships with Woodside or BHP Petroleum. Please provide illustrative information, such as quantities transacted.
2. Please describe how you buy, sell or otherwise deal in the goods or services Woodside and BHP Petroleum supply in Australia: for example, through tender or other methods (including contract duration). Please provide examples, including reference to particular supply agreements, transactions, prices or offerings.
3. Please describe how and the extent to which Woodside and BHP Petroleum compete with each other in the supply of the following:
 - a. WA domgas under (i) longer-term contracts and (ii) spot sales
 - b. domgas processing

(each an **area of overlap**). Relevant factors may include price, terms, geographic location of assets or scope of offerings.
4. Please identify and describe alternative suppliers for each area of overlap. Please:
 - a. explain how and the extent to which these suppliers compete with Woodside and/or BHP Petroleum in respect of each area of overlap taking into account factors such as price, terms or location (with reference to specific examples if available)
 - b. comment on any suppliers you consider particularly vigorous or effective competitors to Woodside and/or BHP Petroleum in each area of overlap.
5. Please describe how customers and competitors are likely to respond if a combined Woodside-BHP Petroleum sought to increase prices or lower service levels. For example, what response from competitors, if any, would a combined Woodside-BHP Petroleum be likely to face in each of the areas of overlap?
6. Please comment on how you expect any industry developments in the next 3 to 5 years to impact competition in the supply of each area of overlap. Consider factors such as the likelihood of new entry, development of resources and the energy transition including shifts in demand for WA domgas.
7. In what way and to what extent, if any, would the proposed acquisition be likely to affect the incentives underlying the operation of, or providing third-party access to, domgas infrastructure?
8. Please provide comments on whether, and if so how, the acquisition by Woodside of BHP Petroleum's Australian interests which produce LNG, condensate, LPG and oil may impact on the supply of those products.
9. Please provide any extra information or comments you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.