

1. Oil and Gas Equipment, Including Pipeline

a) The Opportunity

Activity in the Australian oilpatch has accelerated at an exceptional rate in recent years. Government policies to bring local crude prices progressively towards parity with world prices, coupled with accelerated depreciation allowances, have resulted in new exploration and development activity involving many new players. Expenditures on exploration in 1981 are projected to reach \$532 million, up from only \$66 million five years earlier. Some 117 wells are planned for onshore exploration (against 68 in 1980), while offshore exploration, which will comprise 35 per cent of total exploration investment in 1981, will involve 20 wells (up from 14 a year earlier). Total development investment will amount to \$1,330 million for 1981, of which \$1,104 million will occur offshore. Those development expenditures will pertain to 12 offshore development wells, against five in 1980 and 74 onshore wells (against 22 in 1980). As a result of that level of oil and gas activity, the total apparent market for field equipment for 1980-81 will reach \$186 million (up 33 per cent over 1979-80). About 72 per cent of that amount is expected to come from abroad. By 1985-86, the market is projected to expand to \$435 million per year, of which 71 per cent, or approximately \$310 million, will be imported.

The following description of planned activity in Australia's oil and gas sector is based on conditions as they existed in the spring of 1981.

1) Oil and Gas Development:

The major investment category, offshore oil and gas development, will be composed mainly of work on platforms in the Bass Strait, off Victoria; and in the North Rankin gas field, on the North West Shelf. The Bass Strait, located in the Gippsland basin, contains nine proven commercial petroleum fields. Production of stabilized crude oil in 1980 was 130 million barrels, which represents almost 90 per cent of current Australian crude output. In addition, gas production, at 143,000 million cubic feet in 1980, constitutes about 50 per cent of total natural gas production in the country. Operations are conducted through a joint venture involving Esso Exploration and Production Inc., of Exxon and Broken Hill Pty., Ltd. In light of recent discoveries,