

WOODSIDE

NATURAL GAS

The Honorable Sean T. Connaughton
Maritime Administrator
US Maritime Administration
US Department of Transportation
1200 New Jersey Ave., SE
Washington DC 20590-0001

July 30, 2007

Re: Utilization of US Flag Regasification LNG(s) and US Officers and Crew for OceanWay Deepwater Port

Dear Administrator Connaughton:

As an outcome of our discussions with you and the ultimate approval of a Deepwater Port License to Woodside, we hereby commit to the training and employment of US citizen licensed officers, unlicensed crew, and the utilization of US-flag Re-gasification LNG vessel(s) in the operation of the OceanWay facility.

We greatly appreciate the cooperation of the Maritime Administration and its representatives in their work with Woodside Natural Gas Inc. as we proceed with our OceanWay Secure Energy Deepwater Port application. OceanWay will supply Southern California with natural gas, thus ensuring that our vibrant economic community continues to have the reliable clean energy supply it needs.

Background

Woodside Natural Gas is a Delaware corporation, headquartered in Santa Monica, California. It is a subsidiary of Woodside Petroleum Ltd., a public company listed on the Australian Stock Exchange. Woodside Petroleum was formed in 1954 and has its worldwide headquarters in Perth, Western Australia. See www.woodside.com.au

Woodside is Australia's largest publicly traded oil and gas exploration and production company with a market capitalization of approximately A\$30 billion (US\$25 billion). Woodside has a portfolio of assets, projects, development opportunities and exploration interests in four continents. The company sells liquefied natural gas ("LNG"), natural gas, crude oil, condensate and liquid petroleum gas. We provide more detailed background about Woodside Petroleum Ltd., its worldwide operations and exemplary safety record with LNG in our comments filed in Docket No. MARAD-2007-26841 on February 15, 2007. Woodside is dedicated to maintaining the highest industry standards for safety and security, including ensuring, when needed, that appropriate vessels are built, manned and operated to those standards.

Woodside Natural Gas US LNG Deepwater Port License Application

On December 27, 2006, Woodside Natural Gas filed a revised Deepwater Port application with respect to its proposed OceanWay Secure Energy project off Southern California. For project details, see: www.oceanway.com

At full capacity, OceanWay would need two purpose built Re-gasification LNG carriers ("RLNGCs"). These will receive LNG cargo at sea from conventional LNG carriers. The RLNGCs will then sail to the OceanWay DWP, which is 28 miles southwest of Los Angeles International Airport ("LAX"), re-gasify the LNG on board and discharge the cargo in the form of natural gas into pipelines connecting the DWP with onshore receiving facilities near LAX.

OceanWay US Manning and US-Flag RLNGC Commitments

While it will be several years before OceanWay comes into operation and Woodside Natural Gas does not have any LNG vessels under our control today, we are taking the following steps to ensure the employment US citizen, US-licensed officers and crew on our OceanWay RLNGC vessels as the project proceeds, and to have such RLNGCs transferred to the US flag post construction and following formal project approval (licensing) by the U.S. Government:

1. We are reviewing in detail, both with the Maritime Administration and a leading ship operator, the ramifications of US flag registry and operation, and identifying and resolving issues of concern that will need to be addressed.
2. We will also discuss these topics with the United States Coast Guard (USCG) including the USCG's marine safety inspection offices and the National Vessel Documentation Center.
3. We intend to set up a schedule of regular meetings with the Maritime Administration and USCG throughout the permitting process and for the lifetime of the project.
4. Given technology and pricing factors prevalent today, it is reasonable to assume that the RLNGCs constructed for the OceanWay project will be built in Asia. Detailed design and engineering has yet to be carried out and a yard yet to be selected. The vessels will be designed, constructed and outfitted to facilitate re-flagging to United States registry, including compliance with applicable USCG and classification society standards.
5. Additionally, when the time comes to appoint a ship operator or owner for the RLNGCs, we will ensure that we have the contractual right to cause that operator to have the vessels re-flagged and operated to US requirements.
6. We are already working with a recognized classification society, and focusing on issues including design, specifications and other features to meet USCG safety and inspection requirements necessary to re-flag foreign-built RLNGCs into US registry.
7. Elsewhere, Woodside Energy Limited (WEL) expects to select a ship owner/operator for the regular line-haul LNG vessels that will transport LNG from

the Pluto project. WEL will cause the charter parties from that owner/operator to include a clause allowing Woodside the right to introduce up to four US cadets/mariners on those vessels on reasonable terms so as to gain operational LNG experience. We intend to work closely with the U.S. Merchant Marine Academy, state maritime academies, and other certified training facilities as sources for cadets and unlicensed seafaring personnel.

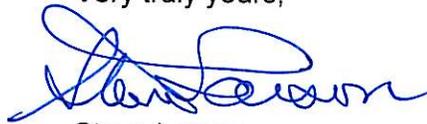
8. In addition to the above, we will employ qualified and capable, trained, licensed US officers and crew immediately aboard our U.S.-flagged RLNGC vessels in regular service to meet the requirements of US law as to citizenship of officers and crew aboard US-flag vessels.

At the Maritime Administration's discretion, the above commitments outlined in this letter may be included in the deepwater port license, if issued.

We note that some developers of US LNG Deepwater Ports are exploring possibilities for training and utilization of some US citizen personnel in their operations - encouraged by the Maritime Administration's interest, and stimulated by the 2006 Coast Guard & Maritime Transportation Act (Pub. Law 109-241, section 304). We commend the Maritime Administration for its work.

Woodside Natural Gas is proud of the opportunity to work with the Maritime Administration and all other Federal, State and Local agencies and communities advancing our Deepwater Port application toward the day when we can begin to supply the nation natural gas through our OceanWay project.

Very truly yours,



Steve Larson
President
Woodside Natural Gas Inc

Acknowledged by



Sean T. Connaughton
US Maritime Administrator