

Shell expands local exploration effort

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ENERGY giant Shell is back in the Australian exploration business with a vengeance.

Once one of the most active of the world energy giants in seeking Australian prospects, Shell basically restricted its Australian exploration activities to Woodside Petroleum, in which it has a 34 per cent stake.

One of the reasons for Royal Dutch Shell's aborted \$10 billion takeover for Woodside six years ago was that the Australian company was taking an increasingly independent stance and seeking to expand beyond the northern coast of Australia.

Shell was apparently not keen that Woodside might be competing against it on the international

energy stage. Much of Woodside's Australian interests originally came from Shell's exploration successes. Shell estimates it holds about 20 per cent of Australia's 136 trillion cubic feet of proven gas resources.

As well as the Woodside holding, it has a 16 per cent stake in the North West Shelf joint venture, 25 per cent of Gorgon, west of Barrow Island, and 26 per cent of the Greater Sunrise fields in the Timor Sea.

The Woodside takeover debacle was followed by the reassessment of the international Shell group's exploration activities in the wake of a US ruling that diminished its international reserves holdings.

In January three years ago the US Securities and Exchange Commission said Shell had overstated its 2002 reserves by 4.47 billion barrels of oil equivalent or roughly 23 per cent. Shell subsequently corrected these overstatements and eventually published proven reserves about 13 per cent lower than claimed.

As part of that action, Shell reassessed its direction and decided the North Asia market for LNG was likely to be increasingly important in coming decades.

A key part of its regional exploration leadership team moved to Perth from Miri, Sarawak, late last year.

Shell Exploration & Production Asia Pacific vice-president of

exploration, Wouter Hoo-geveens, said the company's exploration activities off Western Australia reflected the substantial potential Shell saw in the area. "We have invested in a range of new permit areas, farms and have also purchased the rights to gas in the Crux field (from Nexus). In November, we began drilling in the Browse Basin, 450km northwest of Broome."

This effort is designed to find the extension of the Ichthys field, which Japanese group Inpex estimates contains 12 trillion cubic feet of gas that could result in a new LNG project by 2012.



New wave: Shell says the company's exploration activities off Western Australia reflect the substantial potential Shell sees in the area