

BHP steps on new gas in remote WA field

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THE development potential of the ExxonMobil and BHP Billiton joint venture's "stranded" Scarborough gas field in the Carnarvon Basin off Western Australia has been enhanced with the detection of a good-sized satellite gas discovery in a wholly owned BHP permit.

BHP said its Thebe exploration well in WA-346-P had confirmed a gas column of 73 metres. The company did not provide any more information, although the petroleum division's president of global exploration, Steve O'Rourke, described the find as an "excellent addition to our global portfolio".

Thebe-1 lies 50 kilometres north of the Scarborough gas field, an 8 trillion cubic feet resource owned 50:50 by ExxonMobil and BHP, with ExxonMobil the operator. Scarborough is interpreted to extend in to WA-346-P and has been promoted, by BHP in particular, as a resource that could underpin an export liquefied natural gas project.

But its remote location, 300 kilometres off the coast, and its deep-water position (900 metres) means a bigger resource base to underpin the multibillion-dollar development costs would always be welcome, both by the developers and customers signing long-term supply contracts.

BHP intends to shoot further seismic data and undertake possible appraisal drilling to confirm the size of the resource at Thebe, even if it is not saying at this stage just what it thinks it might be on to.

Under its own steam, BHP had proposed that Scarborough gas head to a \$US800 million (\$A956 million) LNG terminal offshore from California.

But the proposed Cabrillo Port terminal off Malibu has struggled to gain regulatory approval after becoming something of a Hollywood environmental cause celebre.

In the meantime, ExxonMobil has continued to screen development options for Scarborough on behalf of the joint venture.

BHP shares closed 6¢ weaker at \$35.06.

The reporter owns BHP shares