

# China, Woodside flag Kimberley plant

JOHN PHACEAS

China and Woodside Petroleum have dangled a \$45 billion carrot in front of the State and Federal governments to allow major industrial development in the Kimberley after signing Australia's biggest ever export deal in Sydney yesterday.

Chinese energy giant PetroChina agreed to buy up to three million tonnes of liquefied natural gas a year for two decades from Woodside's planned \$20 billion Browse gas project near Scott Reef, 400km north of Broome, where production could start as early as 2013.

Woodside said yesterday the contract would generate total sales of up to \$45 billion over 20 years, almost double the value of Australia's previous record export deal in 2002, when the North West Shelf partners signed a \$25 billion LNG deal with China. It also comes just two days after PetroChina agreed to buy LNG worth up to \$10 billion from the planned Gorgon gas project at Barrow Island.

Underlining the significance of the deal, the signing was witnessed by Prime Minister John Howard and Chinese President Hu Jintao.

Woodside chief financial officer Mark Chatterji said the PetroChina deal confirmed China's emergence as a "major global LNG player" and the global significance of the Browse basin's vast gas reserves.

"We see this agreement as a vote of confidence in the Browse development and in Australian LNG as a clean fuel of choice," he said. The Browse project is Australia's biggest untapped gasfield after Gorgon, with total reserves of more than 20 trillion cubic feet of gas that could yield 14 million tonnes of LNG a year.

But it is just one of several fields in the region that are being evaluated as potential LNG suppliers. Just 100km to the east, Japan's Inpex Corporation plans to build its \$10 billion Ichthys project on untouched Maret Island.

Not surprisingly, the prospect of a Kimberley LNG boom has alarmed environmental and tourism groups, which claim any big development poses a grave threat to the pristine wilderness.

Save the Kimberley campaigner Kevin Blatchford yesterday said the PetroChina deal was good news for Australia provided development was undertaken in an "appropriate" way.

"We've never been against development ... but it's got to be done appropriately and it's got to be done the right way," he said.

Mr Blatchford said Kimberley conservation groups were actively negotiating with industry and government and praised Woodside's willingness to engage in a "much more robust consultation process to try and find a way forward".

As an alternative to building an onshore processing plant in the Kimberley, Woodside is considering a 900km pipeline from Browse to its \$12 billion Pluto gas plant being built on the Burrup Peninsula, as well as a possible floating LNG facility moored at the site.

Alan Carpenter welcomed the PetroChina deal as a vote of confidence in WA's gas industry.

Though he favoured piping gas from Browse to the Burrup Peninsula for Woodside's project, the Premier said it was not necessarily the best option for all proposals.

"I'm pretty sure that we will get at least one gas processing facility on that Kimberley coast," Mr Carpenter told ABC Radio.

Woodside expects to decide on its preferred development option for the Browse project next year.

## FLASHBACK YESTERDAY

### China to sign \$20b LNG deal

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Woodside Petroleum is expected to sign one of Australia's biggest export deals today as China continues its search for Australian resources to meet its future energy and raw

\$10 billion deal signed with Shell on Tuesday, PetroChina agreed to buy one million tonnes of LNG a year from the Gorgon gas project on Barrow Island. It is believed the contract will make Woodside the cornerstone supplier to

as 10 million tonnes of LNG a year. Woodside flagged that a supply deal for "significant volumes" of gas from the project was imminent last month. PetroChina's twin deal for the Gorgon and Browse gas projects sends a clear signal that China is prepared to

been priced out of the market by more aggressive gas customers in Japan and Korea as LNG demand has surged. China is expected to make another big investment in WA's iron ore sector today, with steel giant Anshan Iron & Steel tipped to underwrite develop-

three million tonnes of high-grade iron ore a year from the small Mungahda mine by early 2009. The \$1.7 billion Karam magneite project nearby will come into production a year later, producing eight million tonnes of magnetite concentrate a year.



Booming: LNG shipments from WA's North-West raise the prospect of industrial development in the Kimberley, an area of pristine wilderness