

Woodside praises floating LNG platform

Nigel Wilson, Energy writer | *November 16, 2007*

THE Greater Sunrise gas development has come full circle with Woodside CEO Don Voelte saying yesterday that floating LNG was now the cheapest and most effective development option.

Putting a gas liquefaction plant on a floating platform would be a world first, and might overcome some of the political factors that have delayed the project.

Mr Voelte conceded a decision favouring floating LNG, or FLNG, could overcome political risk involved a greenfields plant in East Timor.

But he warned that it could become "a ticklish issue" for the Australian Government because the floating platform would almost certainly be constructed offshore with little Australian content or labour.

The Greater Sunrise fields, containing around 8 trillion cubic feet of gas, lie astride the eastern boundary of the Joint Petroleum Development Area of the Timor Sea.

Under the most recent treaty with East Timor, revenue from development would be shared equally with Australia.

Mr Voelte told investment analysts yesterday that an LNG project based on Greater Sunrise was in the mix to follow the recently approved \$12 billion Pluto LNG development.

Woodside would continue to allocate resources to work up a project alongside exploration and development in the Browse Basin.

Paul Moore, Woodside executive vice-president of development, said Sunrise could be part of Woodside's plan to lift its equity LNG production to 15 million tonnes a year before the end of the next decade.

While Woodside confirmed it was working on five possible development options for the Browse, it was the re-emergence of Sunrise as a potential contributor that attracted interest.

Greater Sunrise, the biggest gas accumulation yet found in the Timor Sea, is owned by Woodside, ConocoPhillips, Shell and Osaka Gas. Development investigation was put on hold in 2004 until fiscal and legal certainty could be obtained from the East Timor Government.

Shortly before the East Timor elections earlier this year, the country ratified the CMATS treaty, which splits government revenues from Greater Sunrise 50-50 in

exchange for putting a maritime boundary dispute with Australia on hold for 50 years. Yesterday, Woodside disclosed it had established a representative office in the East Timor capital, Dili, and that the Greater Sunrise project had been restaffed.

Mr Moore said that during 2008 it was expected the best commercial development would be identified. It is also likely that further appraisal drilling will have to be commissioned.

Mr Voelte said later that out of the options being considered - a tieback to Conoco's Wickham Point LNG plant in Darwin, a greenfields plant in East Timor and a floating LNG plant - the floating plant was currently the cheapest.

Floating LNG was one of the original development options when the project scope was being investigated by Shell but was discarded because of high cost. Mr Voelte said the latest international work on FLNG had overcome many of the issues identified before 2004.

He said that the cost of seabed gas transmission pipelines, which had escalated at a far greater rate than platform or floating production offtake and storage vessel construction costs, was making FLNG very attractive.

While the Wickham Point option was the lowest-risk solution, the cost of building a 530km pipeline to Darwin was emerging as a major impediment.

A direct link to East Timor had the technical risk of placing a pipeline in a trench in 3.3km of water depth across the Timor Trough in an area that was tectonically active.