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LNG FPSOs on their way

Steve Rotherham
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FLOATING liquefied natural gas production will soon be a reality and Australia could be one of the first countries to benefit from this, according to Norwegian company, FLEX LNG.

"FLEX is on track to become the world's first producer of LNG from floating facilities," said the company's representative in Australia and south-east Asia, Brisbane lawyer Peter Dighton.

"FLEX currently has three special-purpose built LNG carriers being constructed by Samsung in Korea with topside facilities for pre-treatment and liquefaction of natural gas."

According to Dighton, each vessel will be able to produce at least 1 million tonnes a year of LNG, and the ships will be ready for first LNG production by 2011.

He agreed that there was some scepticism about floating LNG, but said its development was inevitable.

"It was always going to happen," Dighton said.

"It hasn't happened yet, but someone has to be the first and that someone will be FLEX."

Dighton said the vessels would be able to transport the LNG they produced themselves, but in the normal course of operations it made more sense to transfer the liquefied gas to standard LNG tankers.

"These ships are equivalent to FPSOs [floating processing, storage and off-take vessels]," he said.

The technology will provide a solution where a gas field is too small to justify an onshore LNG facility or for mid-sized companies that may not have the ability to finance a large onshore facility, according to Dighton.

"Whereas standard LNG operations need fields with at least 5 trillion cubic feet of gas, we can produce gas from field fields of that have about 500 Bcf, and then move on to other fields once the first field has been exhausted," he said.

FLEX LNG is already eyeing up opportunities for monetising Australian stranded gas.

"The company is looking all around the world, but Australia is a fantastic candidate," Dighton said.

"There are a lot of stranded fields in the North West Shelf, the Browse Basin, the Bonaparte and the JPDA."

But the technology may also appeal to larger companies or for larger fields where a FLEX vessel can help take advantage of current market conditions to generate early cashflow in advance of an onshore development.

"I can envisage possible opportunities at Gladstone," he said.

"Coal seam methane companies ramping up production for their proposed LNG projects can't just turn that production on and off. They will have to find a market for the gas that is produced before the liquefaction plants are operational, and a floating LNG vessel moored at Gladstone for a couple of years could be just what they need."