

Inpex may delay final investment decision for Ichthys

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Filed from Singapore 2/28/2008 7:26:51 PM GMT



AUSTRALIA: Inpex is likely to delay the final investment decision for the Ichthys gas project as the company could need more time to weigh up its development options in light of a new agreement with the Northern Territory (NT) government.

NT has offered the Japanese operator the option of processing at an onshore facility in Darwin. A project facilitation agreement, centred on a two-train, 8 million tonne (8.8 million ton) per annum LNG plant to be located along the Middle Arm Peninsula, was signed yesterday.

Now Inpex need to decide whether this option is better than the onshore Maret Islands plan which they already had on the table. The viability of the Maret move has recently been put under threat by the Western Australian government's plans for a LNG hub along the Kimberley coast.

Darwin is 850 kilometres (528 miles) away from Ichthys, more than four times further than the Maret Islands, but would be in line with Inpex's preferred development for the Abadi gas discoveries, just north of NT's capital city.

The signing of the project facilitation agreement means the company is taking a serious look at Darwin, Inpex's Managing Director Jiro Okada said. However, Maret remains the preferred option given its proximity to the Ichthys gas field.

Previous environmental and engineering studies have also demonstrated the strong technical viability of [the Maret option], Okada added. The Darwin option would also be subject to environmental approval by the NT government.

The Ichthys gas field is in the WA-285-P permit off Western Australia. Inpex owns 76 per cent while Total hold the remaining 24 per cent. The final investment decision for the Ichthys gas project was originally scheduled for fourth quarter of 2008.