

## Taiwan wants upstream LNG stake; "Fat chance," says Voelte

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**HOW nice it is for Australia to sign up a new LNG customer in Taiwanese state energy company CPC. How very nice to be able to say, "Thanks, but no thanks" to investing in our upstream gas business.**

In Sydney to formally sign off on a key terms agreement that was actually agreed on last November, CPC chairman Wenent Pan said his company would be interested in buying a stake in the Woodside Petroleum-led Browse liquefied natural gas joint venture.

The Taiwanese Government is encouraging companies to take part in more joint ventures in resources projects in Australia as it competes with other Asian countries to secure supplies of scarce commodities.

State-owned Taiwan Power already owns 10% of Rio Tinto's Bengalla coal mine in New South Wales, and Taiwan Minister for Economic Affairs Steve Ruey-Long Chen says he would encourage similar deals to help secure supplies of mineral and energy commodities.

But Woodside chief executive Don Voelte has bad news for Pan and Chen.

The current supply and demand ration in the market discourages sellers from selling equity right now, he told reporters.

"These are huge, huge projects," Voelte said.

"They're extremely costly. You have to keep all the equity you can to support that type of capital investment."

Chen said Taiwan's annual demand for LNG was expected to rise from 8.2 million tonnes last year to 16MMt by 2020. Taiwan is Asia's third-largest buyer of LNG after Japan and Korea, but it has never signed a long-term supply contract with Australia before.

Last week's signing ceremony formalised a provisional contract to buy between 2-3MMt of LNG from Woodside's Browse LNG project starting between 2013 and 2015 and running over 20 years.

But Woodside has made it clear that this does not mean Browse is ahead of the Timor Sea's Greater Sunrise development in the company's conveyor belt of projects. The terms of the agreement make it clear that gas could be substituted from other projects.



Don Voelte - Woodside  
managing director and  
CEO