

Chevron still coy on Wheatstone LNG vision

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CHEVRON'S proposed Wheatstone LNG project off the West Australian coast will initially be a single processing-train facility with annual output of about 5 million tonnes.

The California-based oil and gas giant's confirmed the Wheatstone LNG plans — reported in *The Weekend Australian* — outside the Gastech conference in Bangkok yesterday, but there was little new information on timing or markets.

Chevron is planning to develop wholly-owned Wheatstone alongside the long-running Gorgon project in which it has a 50 per cent stake, with the remainder shared equally between ExxonMobil and Shell.

Amid continued speculation that the Gorgon partners are not fully aligned with the concept after more than a decade of studies, Chevron's Asia-Pacific exploration and production chief, Jim Blackwell, used his speech to Gastech to emphasise the need for "shared respect, shared capabilities and shared rewards" from joint venture partnerships.

Mr Blackwell said Gorgon was a project "whose time is now", noting that the plan to develop a 15 million tonnes a year LNG processing facility also included one of the world's largest and most advanced carbon sequestration projects.

"The partners of choice in our industry will be those who master the principles of partnership," he said.

"The lessons of the past and our recent successes have shown just what is possible with partnerships.

"What we do today, or what we fail to do, will have consequences five, 10 and 25 years from now. So we must take action today to move gas projects forward to ensure economic growth and energy security for the generations that will follow us."

Mr Blackwell had earlier described Wheatstone LNG as a tremendous growth opportunity for Chevron "providing another platform to commercialise the company's significant natural gas resources in Australia".

"Together the Gorgon and Wheatstone projects are expected to make Chevron a leading natural gas supplier and operator of LNG facilities in the Asia-Pacific region."

Later, Chevron's new managing director in Australia, Roy Krzywosinski, said it was too early to say which markets Wheatstone would target or when it would come into production.

About 100 people were working on the project with the aim of coming to front-end engineering and design (FEED) by about this time next year.

He added that Chevron was still investigating whether other

parts of its vast NW offshore gas inventory could be used for gas-to-liquids as well as other LNG and domestic gas developments.

Wheatstone, which was discovered in 2004, is about 145km offshore in the Carnarvon Basin in water depths of around 200m.

Chevron said the initial development would tap an estimated 4.5 trillion cubic feet of natural gas resources located within the two Chevron-operated permits that included the Wheatstone and Iago discoveries.

Mr Krzywosinski noted that Chevron was already conducting an appraisal drilling program of Wheatstone and Iago as part of a wider intensive exploration and appraisal program in Australian waters.

Belinda Robinson, chief executive of the industry's peak council, the Australian Petroleum Production & Exploration Association, said the Wheatstone LNG development was another example of Australia's potential and strategic strength in clean natural gas — the relatively low-cost, low-emissions fuel for the future.

"The Australian natural gas industry could avoid 180 million tonnes of global greenhouse gas emissions a year by 2017 if it meets its aspirational production targets for LNG and domestic gas," Ms Robinson said.

"This is equivalent to 25 per cent of total forecast Australian emissions in 2017."