

Chevron to develop Wheatstone

The much-delayed Gorgon LNG development won't be affected by the new project, write **Stephen Wisenthal** and **Julie-anne Sprague**.

Oil giant Chevron is planning a liquefied natural gas plant on the Pilbara coast to develop the Wheatstone field it discovered four years ago, adding to the rush to develop the vast energy reserves of the north-west coast of Western Australia.

The development is likely to cost at least as much as the \$12 billion Woodside Petroleum is spending on developing the neighbouring Pluto field by building an LNG plant for which it won approval last year.

And it reduces the chances Woodside will be able to secure gas from Wheatstone for a second stage of Pluto, to which it wants to give the final go-ahead as soon as the end of this year.

But Chevron Australia's new managing director, Roy Krzywosinski, insisted the Wheatstone plan would not affect the much-delayed Gorgon LNG project it is planning in partnership with Royal Dutch/Shell and ExxonMobil.

"We view those as very independent projects and Wheatstone will not change our sense of urgency in moving the Gorgon project forward," Mr Krzywosinski said.

"We're committed to both projects and we intend to move both

projects forward without delay."

Chevron is the largest holder of undeveloped gas resources in Australia, and has made the offshore province off the north coast of WA one of its three upstream focus areas worldwide.

But it has struggled for more than a decade to find a way to develop Gorgon, a huge gas field that has a high carbon dioxide content. The latest plan is for a 15 million tonne a year project on Barrow Island, from which the carbon dioxide would be pumped into a saline aquifer 2500 metres below the surface.

Woodside, in contrast, has used its 100 per cent ownership of Pluto, which it discovered in 2005, to drive an ambitious timetable on the LNG development, which it plans to complete at the end of 2010.

Chevron may be able to achieve the same benefits from being sole owner of Wheatstone.

It expects to complete studies during the next year on the size and location of its plant.

Mr Krzywosinski said the 4.5 trillion cubic feet of reserves in Wheatstone would be enough to supply the first stage development of at least 5 million tonnes a year of LNG.

"We need to keep in mind that Chevron has got a very aggressive drilling program over the next few years," he said.

"We believe that it's going to result in significant gas resource additions, which will then allow us to expand that first train to potential second or third trains of LNG."

Chevron is also addressing the concerns of West Australian politicians and industrial energy consumers about a shortage of gas supply in the state, by planning a domestic gas facility as part of the Wheatstone development.

The project staff will be expanded to more than 100 people during the next 12 months for technical studies and further appraisal work.

Chevron's Gorgon project is not the only WA LNG development to suffer delays.

Japanese oil and gas group Inpex yesterday revealed the \$20 billion Ichthys LNG project off the Kimberley coast had been held up until at least 2013 due to state government red tape.

At a Public Accounts Committee inquiry into infrastructure funding in WA, Inpex external affairs general manager Sean Kildare said it would no longer be able to meet its plan to ship its first LNG cargo by the end of 2012. "A revised estimate is being worked through now. However, the first cargo out of Maret Island before 2013 is most unlikely," he said.

Inpex said last month it was considering developing its facilities in the Northern Territory because it could develop them within a reasonable time frame.

Mr Kildare said the additional cost to move its project to the NT was "negligible".

He said if Inpex could not get cargo away by 2014, it would be a "lost opportunity" for WA.



The latest plan for the Gorgon field is for a 15 million tonne a year project on Barrow Island.

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