

Woodside floating LNG plan

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THE WESTERN FRONT



DON Voelte at the Woodside AGM in Perth last week again flagged that floating LNG might be the best option for developing the Greater Sunrise reservoirs in the Timor Sea.

Greater Sunrise is once more being touted as a development project after several years where the political situation in East Timor has limited Woodside, the project operator, in translating its enthusiasm into a commercial outcome. Floating LNG is an intriguing prospect.

Shell, one of the Sunrise partners, has work under way on a huge floating LNG processing vessel, which could commercialise gas reserves in the range of 1-5 trillion cubic feet.

The top end of the range is not out of kilter with the revised reported reserves at Greater Sunrise.

Floating LNG not only might solve some of the political issues surrounding development of gas assets in the joint petroleum development area of the Timor Sea, but also might substantially reduce the capital costs of Greater Sunrise.

Shell says floating LNG incorporates the replacement of three elements of a conventional LNG scheme, namely the production platform, the

pipeline to bring gas ashore and all the onshore facilities for liquefaction and loading.

Instead, using sub-sea production, the offshore gas is produced directly to a barge moored above the gas field, with the barge supporting a compact liquefaction plant and storage facility.

While no project scope has been released for Greater Sunrise, Mr Voelte pointed out the obvious — a floating LNG plant would not require expensive sub-sea pipelines and would also avoid the logistical issues in constructing a land-based plant either in Australia or in East Timor.

Though the public debate on Greater Sunrise has been quiet since before the assassination attempt on President Ramos Horta in February, it cannot be said yet the Dili administration has given up its preferred position of having the Greater Sunrise processing operation located in East Timor.

As an aside, a floating LNG plant might draw the crabs in Australia as well because it would most likely be built in a foreign shipyard and be operated by a foreign crew.

Mr Voelte has said previously that Greater Sunrise is a possibility for development before the Browse Basin, but that prospect seems to be slipping if only because a new exploration program is needed to help prove up further reserves.

Even so, Greater Sunrise will be on the agenda this week when Resources

Minister Martin Ferguson makes his first visit to East Timor.

The visit marks a significant point in Australia's relations with the poorest country in our region. It has received up to \$1.5 billion in revenues from the Bayu Undan project in the Timor Sea, which goes into a special petroleum fund.

It is a demonstration of the importance of the JPDA not only to East Timor's development but to the further development of Australia's oil and gas industry in the north.

The Timor Sea treaty between Australia and East Timor, which came into force in April 2004, provides the underpinnings for regulatory and legal certainty for investment in oil and gas developments.

The treaty establishes that the Timor Sea Designated Authority is administered by Mr Ferguson's department.

But the authority is currently run from Dili and its executive director is East Timorese. The federal Department of Resources, Energy and Tourism has a team working with the authority to assist in moving the TSDA into the East Timor bureaucracy so it will effectively be a function of that country's public service.

The key to this effort is that capacity has to be built into the East Timor bureaucracy to provide continuing industry confidence in governance arrangements for the JPDA.