

Western Australia could forgo LNG terminal

Matt Chambers | *August 11, 2008*

DARWIN is rapidly firming as the probable site for Japanese energy company Inpex's \$12 billion LNG export plant, with the West Australian Government unable to meet its latest timetable for selecting LNG hub sites on the northwest coast.

Industry sources and analysts said Inpex was expected to lock in Darwin as its preferred option as early as this month. Despite an extra \$700 million price tag, the only thing that would stop a commitment to the Northern Territory would be a quick WA decision on a proposed Kimberley LNG hub.

But that appears unlikely, with WA's Resources and Industry Department saying yesterday that it would be up to two weeks before a shortlist of potential sites was released.

That means further delays to the timetable set last month by WA Treasurer Eric Ripper and federal Environment Minister Peter Garrett for a shortlist to be out early this month.

Mr Ripper's spokesman did not return calls yesterday.

Inpex's scheme to build an LNG plant on WA's environmentally sensitive Maret Islands was delayed by government plans to limit LNG plants that process gas from the Browse Basin, where Inpex's Ichthys field is located, to a single hub.

With uncertainty about how it could get gas from its massive Ichthys field, about 400km northeast of Broome, to a WA LNG plant, the Japanese company has been studying piping the gas 900km to Darwin.

That is about 700km further than it would have been to the Maret Islands, representing about \$700 million of cost at current prices.

A spokeswoman for WA's Resources Department said yesterday that the Northern Development Taskforce, which was charged with whittling down a list of nine potential sites, was processing the results of recent stakeholder meetings and would deliver a shortlist within two weeks.

Furthering the improbability of a quick WA decision, the recently called state election means the shortlist will also now not be able to get ministerial approval due to a pre-election caretaker period, where major decisions are restricted.

Last Saturday's NT election, in which Labor is expected to scrape home, is not seen as pivotal to Inpex's decision, with both major parties supporting the development.

A hung parliament could prove interesting, though, with independent Gerry Wood urging some gas from the field be set aside for domestic use, similar to WA regulations.

Inpex said last month that a Darwin plant was a viable option and that it lacked enough information on the hub to make a decision on WA.

According to industry sources, pressure from Japan to develop the long-delayed field is also adding to chances the corporation will commit itself to the planned LNG operation at Darwin's Blaydin Point.

The decision on where to pipe gas from the field, which holds 12.8 trillion cubic feet of gas and 527 million barrels of condensate, comes as Inpex and French partner Total study developing it in tandem with a nearby discovery.

Inpex said the Mimia-1 exploration well found a 72m gas column that could produce gas and condensate.