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WA loses \$24 billion gas processing project to Darwin

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Japanese oil and gas producer Inpex on Friday chose Darwin as the site for a \$24 billion gas processing plant that it had initially planned to build in WA's north to process gas shipped from its Browse Basin Ichthys gas field.

The Chamber of Commerce and Industry WA said the decision not to build the plant on the Maret Islands, about 200km north of Broome, was a huge blow for the state and would deprive it of about \$50 billion of income.

WA Premier Colin Barnett said on Friday he hoped to lure Inpex back but conceded it was "a long shot".

Barnett said the Darwin site added more than \$800 million to the project's cost and would increase its greenhouse gas emissions by at least 10 per cent because of the need to compress and pump the gas through an 850km pipeline.

He said Inpex chose Darwin after becoming "extremely frustrated" trying to get federal and state agreements on a site in the pristine WA Kimberley region.

The Browse Basin is also home to a major proposed Woodside Petroleum Ltd LNG project

In 1998, INPEX acquired the WA-285-P exploration permit located in the Browse Basin, approximately 450 kilometres north of Broome and 850 kilometres south-west of Darwin, off the north-west coast of Western Australia.

In 2000, three exploratory wells resulted in the discovery of an extremely promising gas and condensate field now known as Ichthys. In 2006 INPEX transferred a 24% working interest in Ichthys to Total E&P Australia.

INPEX is now the Operator of the Ichthys Joint Venture.

The Ichthys Field measures approximately 40 kilometres by 20 kilometres and is one of Australia's largest undeveloped gas fields, with reserve estimates of 12.8 trillion cubic feet of gas and 527 million barrels of condensate and an expected operational life of over 40 years.

The joint venture is now working towards the commercialisation of this resource and on 26 September 2008 announced that it had selected Middle Arm Peninsula at Blaydin Point in Darwin Harbour in the Northern Territory, to develop a liquefied natural gas processing facility.

The project will carry out front-end engineering design (FEED) as the joint venture works towards making a final investment decision in 2009 and delivering its first LNG shipment in 2014 or 2015.