

Woodside rejects WA gas grab

JESSICA STRUTT

Woodside Petroleum has taken off the gloves in its battle with Alan Carpenter over his proposal to set aside huge chunks of its gas reserves for use in WA, warning him he would be taking on the State's biggest company at his peril.

In a stinging rebuke to the Premier's proposal, Woodside chief executive Don Voelte yesterday labelled the plan "crazy", saying it could make future gas projects, such as the company's huge Pluto LNG development, uneconomic.

Under Mr Carpenter's plan, up to 20 per cent of WA's gas reserves would be quarantined for use solely within the State, meaning they could not be sold to Asia as part of highly lucrative LNG contracts.

But Mr Voelte vowed to fight the plan "tooth and nail", saying it was "just another tax" which did not make economic sense.

"Let the free market system work . . . this is the last place in the world that a government should have to feel that they need to lock up gas when you've got 100 trillion cubic feet sitting right offshore," he said.

"Alan Carpenter's going to want to do the right thing and he's going to realise that he does not want to take on a Woodside because we've got remarkable resources on an issue like this.

"I have a fiduciary responsibility to my shareholders in my company that if anything gets in the way of Pluto becoming commercial . . . then I'm obligated to try to overcome that obstacle. This imposes a serious economic hurdle for us to overcome."

But Mr Carpenter hit back, saying that just as Mr Voelte had to protect his shareholders, he had a responsibility to protect the interests of West Australians.

Former Liberal resources minister Colin Barnett said he supported the general principle of reserving some of the State's gas reserves for domestic use. The State would be foolish not to plan for the future by keeping some of its gas reserves for domestic use.

He said there was nothing new about the concept because the original state agreement for the North-West Shelf project, operated by Woodside, reserved part of its gas for

the domestic market. These reserves have now all been allocated. "The gas resource belongs to the people of this nation, it does not belong to the companies," he said. "What they have . . . is a right to develop that reserve and the people of this State and this country are perfectly entitled to preserve a part of what is probably Australia's most valuable natural resource."

WA Chamber of Minerals and Energy policy director David Parker said any gas reservation policy issue should not be considered before WA undertook a comprehensive energy review to determine its future energy needs. Otherwise, the State risked locking up its gas reserves unnecessarily.

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Alan Carpenter's plan to force gas producers to hold up to 20 per cent of their reserves for domestic use has the appearance of populist politics being put ahead of economic responsibility.