

Pluto offers Gorgon lifeline

Woodside eyes two more LNG trains to process its own and other companies' gas

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Woodside Petroleum has thrown a potential lifeline to the giant Gorgon gas project by offering access to its new Pluto LNG plant if spiralling costs and environmental concerns threaten to derail Chevron's planned \$20 billion venture on Barrow Island.

Woodside said yesterday its initial \$12 billion investment at Pluto on the Burrup Peninsula was "just the beginning", and that it was already planning two more production trains to process gas from other companies' fields and new discoveries in its own permits nearby.

With costs at the environmentally contentious Gorgon project already believed to have doubled to more than \$22 billion, fears are now growing that the project might not go ahead.

But Woodside chief Don Voelte said it might be possible to process gas from Gorgon at its Pluto facility if the Chevron-managed project was unable to proceed on its own.

"There's a lot of gas out there that could potentially go through Pluto, (and) we're not at this point biased or selective," he said.

"So we are willing to talk to anybody, and in fact, we've talked to people, and I'll just say at this point there's a tremendous amount of gas

out there that's unprocessed at this point, all of which is optional for us."

Woodside expects its initial 4.8 million tonnes a year Pluto LNG train to produce around 5 trillion cubic feet of gas over 20 years from its neighbouring Pluto and Xena fields off Karratha.

Gorgon's Geryon, Dionysus and Julimar gasfields lie barely 50km west and south of the Pluto gasfield and its proposed pipeline to shore.

However, a Gorgon spokesman said the partners — Chevron, ExxonMobil and Shell — remained committed to their preferred plant location on Barrow Island.

"The Gorgon joint venture participants are committed to the 300-hectare development envelope on Barrow Island," he said.

The spokesman added that Gorgon was a 60-year project with total gas resources of more than 40tcf — 10 times that of Pluto.

Similarly, Barrow Island was the only site suitable for reinjecting carbon dioxide from the fields. The process, known as geosequestration would ensure Gorgon was among the most greenhouse friendly gas projects in the world.

Regardless, Mr Voelte said Woodside saw "lots of opportunities" in the waters around Pluto that could

underpin expansion of Pluto's production capacity.

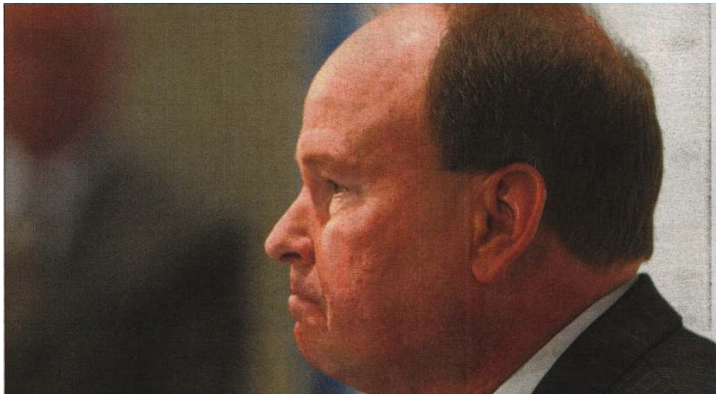
Woodside has already secured vast acreage immediately north-west of Pluto considered prospective for new gas discoveries.

This week it secured the WA-404-P permit in partnership with US group Hess Corporation, with a pledge to spend \$196 million on exploration over three years.

The permit lies immediately north of the huge Jansz and Chandon gasfields which contain more than half of Gorgon's total reserves. Similarly, there were a number of untapped gasfields in the area considered too small to support an LNG development on their own but which could potentially be developed if their owners had access to the Pluto facility.

Mr Voelte said Woodside, which has offered 10 per cent in Pluto to its cornerstone Japanese customers Tokyo Electric and Kansai, was open to allowing other potential producers to invest in subsequent production trains at Pluto.

In the longer term, Woodside also believed it might be possible to pipe gas to Pluto from its huge Browse project off the environmentally sensitive Kimberley coast for processing.



Don Voelte: Announces the go-ahead yesterday for the \$12 billion Pluto project. He said there was a lot of gas out there that could go through Pluto. Picture: Ian Ferguson



Woodside: Primed to go.