

# Voelte develops his own place in history

## Comment

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The big bet taken early in 2005 by Woodside managing director Don Voelte and his exploration manager, Agu Kantsler, when they took 100 per cent of the risk – and rewards – on the Pluto exploration well looks set to pay off.

By April of that year, they knew they had a big gas field and by August they amazed the market with plans to start shipping liquefied natural gas by 2010.

Five years from discovery to delivery will be a record pace for an LNG project in an industry where progress is often measured in decades. But the go-ahead for Pluto symbolises the change in LNG markets over the past three years.

Just before Christmas 2003, when Woodside was awarded the exploration block that turned out to contain Pluto, it was the only bidder and pledged to spend \$21.6 million on exploration over three years.

Oil prices have soared to records in the period since then, but the effect on LNG has been even more extreme, with pricing moving from a discount to the equivalent amount of crude oil to parity or even a premium in some cases.

There are plenty of reasons for this, including rising energy demand, a desire to reduce reliance on Middle East oil and the move to less carbon-intensive fuels.

But whatever the cause of a resurgence in LNG, Woodside is perfectly placed to tap it.

Woodside has grown on the strength of being operator of the huge North-West Shelf project,

which lies immediately north-east of Pluto. But its one-sixth share of shipments from that project will amount to 2.7 million tonnes of LNG once the Train 5 production platform expansion is completed next year. Pluto alone will add double that.

And Woodside is able to apply all the lessons it has learned in building Train 5 to getting everything right on the Pluto plant.

It will also have a strategically significant piece of infrastructure in the middle of a zone of huge undeveloped gas discoveries.

There is a telling slide in the information package Woodside provides on why it chose a site on the Burrup peninsula to build the

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Pluto plant. It shows why a dozen other possible sites were rejected because there wasn't enough space, or because of environmental constraints and other issues.

So Woodside, which will have room to grow at the Pluto site, is likely to have other suppliers of gas lining up. But that isn't likely to happen until after Voelte has completed his spell at the helm, which began in February 2004.

Investors have been prepared to forgive Woodside for production hiccups at major oil projects, including Chinguetti off the coast of Mauritania and Enfield off the WA coast, which have each had deep cuts to their reserves.

Now Voelte has to deliver Pluto, which is set to be the defining achievement of his reign.