

Two LNG plants in train for Browse Basin

Nigel Wilson, Energy writer | *December 07, 2007*

EXPECTATIONS that there will be only one LNG processing operation in the remote Kimberley region serving the Browse Basin are set to be smashed.

Japanese group Inpex has been backed by the West Australian Government to build an LNG processing plant on the remote Maret Islands, off the Kimberley coast and west of the Mitchell Plateau.

At the same time, a WA government-led task force is expected by the end of the month to nominate the Dampier Peninsula, north of Broome but some 600km by sea south of the Maret Islands, as the site for an LNG hub and an associated industrial park. This recommendation would provide an onshore base for the Woodside-led consortium, which is considering developing a 15 million tonnes a year export LNG project based on Browse Basin reserves, in which it holds a stake of just under 50 per cent.

In September, Woodside signed a key terms agreement with PetroChina for the potential sale of 2 million to 3 million tonnes of LNG a year from the Browse over 15 to 20 years, a deal estimated to be worth a minimum of \$35 billion.

The company is investigating five options for developing its Browse resources, only one of which involves an onshore processing plant in the Kimberley.

Overall recoverable reserves in the Browse Basin are estimated at more than 50 trillion cubic feet, or more than a third of Australia's known offshore gas reserves.

The LNG hub concept was originally proposed as a way of avoiding piecemeal gas project development on the Kimberley coast, to which Aboriginal groups and conservationists such as Greg Bourne of WWF Australia object.

The government task force, chaired by senior public servant Jim Limerick, was charged with setting the framework for how Western Australia should protect and manage the indigenous heritage, environment and tourism values of the Kimberley area.

Tokyo-listed group Inpex proposes to build two 4.2 million tonnes a year LNG processing trains on the Maret Islands using gas from the large Ichthys reservoir in the Timor Sea, about 440km north of Broome. The reservoir is estimated to contain at least 10tcf of gas.

While the Maret Islands could possibly host up to five LNG trains similar in size to those being proposed by Inpex, they could not also host an industrial park.

An Inpex spokesman noted that on the mainland near the Maret Islands there was no suitable area for industrial development. He also said that if the WA Government reversed its stance of backing Inpex's plans, this would affect the company's schedule to deliver its first LNG shipment to Tokyo in 2012.

Japanese reports have indicated the Inpex project involves investment of up to \$8 billion.