

LNG projects strain Woodside

Nigel Wilson | *February 21, 2008*

WOODSIDE is considering committing to three new export LNG projects within the next four years, putting immense strains on the company's financial capacity and the nation's labour market.

Fleshing out the company's retreat from major overseas-operated investment, chief executive Don Voelte said yesterday that teams of Woodside employees were working on a second plant on the Pluto site on the Burrup Peninsula, accelerating the Greater Sunrise development in the Timor Sea and taking part in an LNG hub servicing the Browse Basin north of Broome.

These investments had yet to be fully scoped but they represent a capital commitment of tens of billions of dollars.

Woodside already holds the record for the biggest single investment in the nation's history, the \$12 billion in Pluto One, on which construction began late last year.

"We have a clear aspiration, the right assets, the right people and the right attitude," Mr Voelte said in a presentation yesterday after Woodside released both its 2006 annual results and its annual report to the market.

The Woodside chief confirmed that he met the CEOs of ConocoPhillips and Shell last month and they agreed to accelerate the development of the Greater Sunrise field, which Woodside operates.

While the reserves in Sunrise have reduced to under 6 trillion cubic feet from more than 8tcf, this was still enough for an LNG development, he said.

Mr Voelte later declined to say whether the acceleration of Greater Sunrise meant that an expansion of ConocoPhillips' Wickham Point LNG processing facility in Darwin was favoured.

"I think what you are seeing is that Greater Sunrise gas is in the competitive mix for LNG developments and the partners are aligned in moving forwards," he said.

Mr Voelte said the shooting attack on East Timor's President, Jose Ramos Horta, whom he knew, was shocking but said he did not believe it had immediate relevance to East Timor's insistence that a Greater Sunrise development should involve land-based facilities in East Timor.

He noted that Shell had made considerable progress on floating LNG facilities and that concept was also in the mix for Sunrise.

Mr Voelte said the Sunrise partners, which include Osaka Gas, expected rapid progress towards concept selection this year with a final investment decision in 2009 leading to a first LNG shipment as early as 2013.

He said Woodside also expected to accelerate its selection of a concept for Browse development this year and the company had reached agreement with its partner to lead joint marketing activities.

Mr Voelte revealed that an option to transport Browse gas to Darwin had been rejected and that the partners were now considering the West Australian Government's plan for a single Kimberley coast LNG hub or transporting the gas to the Burrup Peninsula in the Pilbara, which was a high-cost option.

He anticipated a final investment decision on Browse would be taken in 2010 with first export shipments during 2013 to 2015.

Mr Voelte has taken his enthusiasm for the Pluto project to a new level, foreshadowing that Woodside would partner with third-party gas producers to develop Pluto Two, which will be engineered by the end of this year with potential for shipments to begin in 2012.