

Shell opts for \$2b floating LNG plant at Prelude field

PETER KLINGER and
BARRY FITZGERALD

Royal Dutch Shell has flagged a \$2 billion floating LNG plant for its Prelude gasfield in the Browse Basin in what would be a world-first for the industry.

The company is preparing tender documents to build a floating platform capable of processing 3.5 million tonnes of LNG a year.

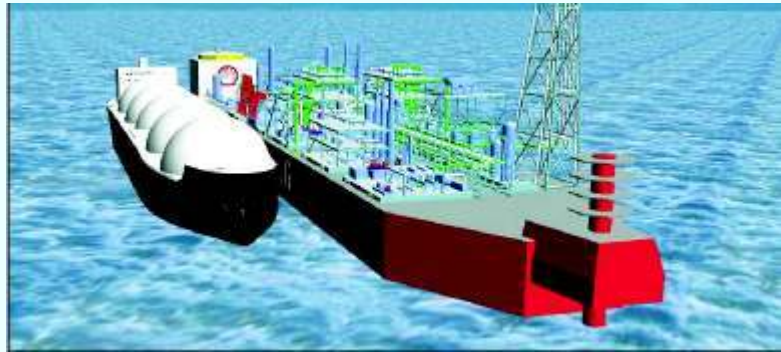
Shell executive director gas and power Linda Cook confirmed yesterday it was considering a floating facility for the wholly owned Prelude field, which is thought to contain two to three trillion cubic feet of gas, although she said the tender was part of Shell's group-wide plan to have a floating option.

Proposals for floating LNG plants have been on the industry-wide drawing board for at least a decade, with Woodside Petroleum considering such a facility for its Sunrise project in the Timor Sea.

However, the technical complexities as well as security issues have so far prevented the first application of the technology.

Shell believes its floating facility would be cyclone-proof.

Industry insiders said yesterday Shell's suggestion of a stand-alone



On the drawing board: Artist's impression of Shell's floating LNG barge.

processing facility was designed to put pressure on Japanese group Inpex to allow a sharing of LNG facilities.

Prelude is next to Inpex's Ichthys field, which the Japanese group wants to develop as part of a Maret Island-based LNG project.

Speaking outside the APPEA conference, Ms Cook remained tight-lipped on Prelude development options but said Shell had no objection in principle to being part of a third-party operated LNG plant.

Inpex, however, has its own problems with delays in the approvals process threatening its Maret Island proposal. In response, it has signed a deal with the North-

ern Territory Government aimed at fast-tracking the approvals process for a potential Ichthys development in Darwin.

Traditionally, LNG projects involve the development of off-shore platforms on gasfields of more than five trillion cubic feet of gas, pipelines to shore and land-based processing plants.

But Shell thinks the time might be right for the development of "smallish" gasfields (less than 5tcf) using the radical FLNG approach as it does away with the need for costly pipelines to shore.

And in the case of Prelude, it would avoid the environmental sensitivities of landing the gas on the Kimberley coast.