

Burrup eyes early shutdown as gas dwindles

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Burrup Holdings is poised to bring forward a major maintenance shutdown of its Pilbara fertiliser plant after struggling to secure enough gas to keep the operation going in the wake of Apache Corp's Varanus Island explosion.

Burrup relies on gas from Varanus to run its 800,000 tonne-a-year ammonia plant but is understood to have been able to secure only a quarter of its gas needs from Woodside Petroleum, WA's dominant gas provider, which said it would step in and try to supply gas to stranded Apache clients.

Burrup would not comment yesterday but it is understood the fertiliser group is likely to fast-track the shutdown, originally scheduled for next month and due to last for at least two weeks while maintenance is performed.

Apache, which has declared

force majeure on gas sales after Tuesday's explosion, has told some of its clients that repair work could take seven to 10 days before gas supplies resume. The cause of the blast and Apache's damages bill remain unknown.

The timing of the Varanus explosion is unfortunate for Burrup's controlling shareholders, Pankaj Oswal and Yara International, who are in the middle of trying to raise up to \$502 million from the \$2.5 billion float of the fertiliser group.

The Apache-operated Varanus gas hub, off the coast of Dampier, accounts for 30 per cent of WA's domestic gas supply, pumping gas from fields including Harriet and John Brooks.

Most of the Varanus gas is supplied to industrial users led by Alcoa, Burrup, Minara Resources and Newcrest Mining.

Burrup has a 25-year contract

to buy its gas from the Harriet joint-venture partners Apache, Tap Oil and Kufpec Australia. Harriet accounts for 120 terajoules a day of about 365tj/day pumped onshore from Varanus.

The Burrup ammonia plant needs nearly 80tj/day to run at full capacity but is understood to be operational with a minimum of about 66tj/day.



Pankaj Oswal