

Shell seeks tenders for Prelude plant

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Royal Dutch Shell has asked three groups to tender for a floating liquefied natural gas facility, in the clearest sign yet the Anglo-Dutch energy giant is eyeing an offshore LNG processing plan for its massive Prelude gasfield in the Browse Basin off Broome.

The formal invitation to tender last week, for a facility capable of producing 3.5 million tonnes of LNG a year, is another blow to the WA Government's plan to develop a hub near Broome where it wants much of the Browse Basin's huge gas reserves to be processed into domestic gas and LNG exports.

Doubts remain over whether Japan's Inpex and its French partner Total will actually go ahead with their \$20-plus billion Ichthys Browse LNG project after becoming increasingly frustrated with the State's approvals process, while

Woodside Petroleum is thought to be favouring a pipeline from its Browse fields to existing LNG infrastructure on the Burrup Peninsula, rather than in the Kimberley.

It could leave the Government's Kimberley LNG hub proposal without a tenant. Even worse, should Inpex and Total shelve their project, or at the very least decide on a more expensive but easier-to-achieve development in Darwin, WA could miss out on millions of dollars of gas royalties.

Shell's floating LNG tender invitation went to three consortiums of engineering and shipyard contractors. Bids are expected towards the end of this year, with the contract due to be awarded some time in 2009.

Shell is yet to commit formally to developing the Prelude field, estimated to contain between two

and three trillion cubic feet of gas, as a floating LNG plant.

Shell's executive director gas and power Linda Cook said in Perth earlier this year that floating LNG was one option for Prelude, and that the pending tender was part of the energy giant's group-wide plan to have a floating processing option.

But sources said that assuming high quality tenders were received, floating LNG would be the development path for Prelude.

Woodside had been eyeing an onshore Kimberley base for its Browse LNG project but is understood to be instead focusing increasingly on piping the gas to its Pluto site on the Burrup, where plans for at least two more LNG trains are contingent on securing additional gas supplies.



Offshore rig: Shell is believed to be planning a floating LNG facility for the Prelude gasfield in the Browse Basin off Broome