

Darwin firms as site for \$25b gas project

PETER KLINGER

There was intense speculation last night that WA has all but lost the right to host what will be Australia's biggest resources development because the State Government had failed to strike a deal with its foreign owners, which will take their \$25 billion project to the Northern Territory.

It is understood that Inpex and its French partner Total have as good as decided to build their Ichthys lique-

fied natural gas project in Darwin, rather than in the Kimberley, despite the fact the gas field which will supply the plant is just off the Broome coast.

The decision comes after long-running negotiations between the project's partners and the Government over the location of the plant, with environmental and Aboriginal heritage issues at the heart of the matter.

A loss to Darwin the LNG plant and related onshore infrastructure, which will account for a major slice of the project's estimated \$25 billion cost, would be a big blow to WA's economy given that Ichthys' development is tipped to create 4000 jobs and a \$50 billion income stream over several decades.

Neither Inpex nor Total would discuss the decision last night, though sources close to the project confirmed the relocation to Darwin.

State Development Minister Eric Ripper said Inpex told the Govern-

ment last night it had not made a decision. Mr Ripper said the Northern Development Taskforce would soon release a short list of possible Kimberley sites on which LNG plants could be built.

"As promised, the State Government will nominate its preferred site in October," he said. "The Government is also on track to deliver a site cleared of all environmental, native title and heritage approvals (including Commonwealth approvals) by March 2010 as previously projected. No site which complies with all approvals will be quicker than the West Kimberley site."

A decision to build the plant in Darwin would severely damage WA's reputation as an investment-friendly State and add further to industry claims that WA's approvals processes, including the environmental and

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Native Title regimes, are too onerous.

The Ichthys partners had been working on plans to build the LNG plant on Maret Island, off the Kimberley coast, but have run into significant opposition from environmental groups. They have also had trouble negotiating a deal with the Kimberley Land Council and faced what sources close to the project have termed an unsupportive State Government.

Inpex and Total made known their frustrations with WA's regulatory process in February when they signed a deal with NT Chief Minister Paul Henderson to work on a fast-tracked approvals system for a Darwin plant. This sparked fears that Ichthys' Darwin move was all but sealed, despite it costing at least \$700 million more than if the project was developed in WA.

Sources say the Ichthys partners were impressed with the way Mr Henderson embraced the project, in contrast to what they have described as an indifferent reception from the WA Government.

It is understood that even a likely pledge of support from Opposition Leader Colin Barnett is unlikely to sway the partners from building the plant in Darwin because Inpex and Total believe they cannot afford more delays to the project's development timetable.

The partners are hoping to become the first to develop a Browse Basin gas field. The basin has huge amounts of natural gas, with Ichthys alone containing 9.5 trillion cubic feet of gas.

At an estimated cost of \$25 billion, Ichthys will dwarf the \$12 billion Pluto LNG project being built by Woodside Petroleum on the Burrup Peninsula.