

## How not to foster an LNG industry

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**IF YOU can lay a 900km subsea gas pipeline across the top end of Australia why can't you lay a 1200km pipeline? This question is not just for *Slugcatcher's* amusement. It might also soon become a hot political potato.**



The 900km pipe is already in the news. It was at the heart of an election in the Northern Territory earlier this month, and it is shaping as an issue in the Western Australian election, to be held next month.

Japan's Inpex is behind the 900km pipe because it has, so far, failed to get approval from the WA government for an onshore processing centre in that state despite being much closer to the WA coast than the NT coast.

Inpex has said that it will soon make a decision on whether to land its gas near Darwin, piling pressure on the WA government to speed its decision-making process.

There's no doubt that Inpex is playing politics with its pipeline and would probably prefer a WA coastal, or island, site.

But if the WA government continues to work with the speed of a drunk tortoise in considering whether there is anywhere on 2000km of coast "safe" for a gas-processing centre, then Inpex will take its gas to Darwin.

If it does then *The Slug* reckons other gas owners in northern waters, including Woodside and partners, will be watching with enormous interest – and the political gamesmanship being played today will become political war.

The WA Government's official position is that it needs more time to study potential gas landing sites on the Kimberley coast, and that it wants a single gas processing centre rather than a series of liquefaction plants.

In theory, there is nothing wrong with this position. In reality, it's a farce, for three reasons.

Firstly, there is the issue of space, and the fact that if 2000km of coastline doesn't have sufficient space for a couple of LNG plants then nowhere on Planet Earth will be any better.

Secondly, there is the astonishing fact that the WA government has spent several years thinking about the Kimberley LNG question.

In fact, it might even be argued that the government should have been thinking about it for 30 years because that's how long ago the first offshore gas was discovered in the region by Woodside.

But it has chosen to deal with the issue now when Inpex is well advanced in preparing plans for a plant on remote islands off the Kimberley coast.

Thirdly, there is the government idea of having everyone lumped onto the one site, a security nightmare given the recent gas explosion on Varanus Island and the proximity to some seriously nasty Indonesian people who would soon wake up to the fact that a big, fat, Western target is within easy sailing distance.

Disregarding all these facts, it is worth thinking about the Inpex situation and wondering what happens should the Japanese opt for a Darwin landing site.

In WA, it will be seen as a disgrace. In the offices of Woodside it will be seen as a trail-blazing

decision, and one that might well be worth mimicking, so long as the engineering numbers add up.

That's why *The Slug* is asking whether there is that much difference between a 900km and a 1200km pipeline.

Perhaps there is, but that might not stop opposition politicians from pointing out the potential for all gas in waters off northern WA being piped to the NT because of the inability of the WA government to decide on anything – and because the NT government will have encouraged what the WA government wants: a single gas-processing centre, albeit one across the border.

And it might not stop Woodside Petroleum from scoring a few telling blows on a state government which has been of no assistance whatsoever in developing offshore and onshore projects.