

Woodside floats plan for pirate plant

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THE country's second-biggest oil producer, Woodside, is so keen to avoid the cost of emissions trading it is considering putting a multibillion-dollar liquefied natural gas plant on a ship in East Timor's waters.

One of the most vocal critics of the carbon pollution reduction scheme, Woodside's chief executive, Don Voelte, said yesterday the company could use untried "floating LNG" technology for its Sunrise project off Darwin.

Mr Voelte, who has criticised the lack of compensation to industry, said the "floater" could easily be moved 15 kilometres from its likely position in Australian waters to an area jointly regulated with East Timor.

"It may be the first project that Australia loses," he told investors in Sydney, noting the decision would also lower Woodside's tax bill. "That's not a threat [to the Government], it's a comment."

Shell is developing the technology, which could process 3.5 million tonnes of LNG a year.

The alternative site for the plant is on land in Darwin, already the home of LNG processing facilities. "We're still trying to figure out if [floating LNG] is a economically a viable option versus the Darwin option, we don't know that yet," he said.

Mr Voelte said the idea had been mentioned in passing to members of the Federal Government, who had rolled their eyes in frustration. The Government's Green Paper on emissions trading, released earlier this year, earned the ire of LNG companies.

A study by the industry found a 10 per cent cut in 2000 carbon emissions by 2020 would shave 26 per cent off the sector's output.

But some market-watchers are sceptical. An energy analyst at JP Morgan, Mark Greenwood, said that even with a "bearish" scenario of carbon costs at \$50 a tonne and oil at \$US50 a barrel, Woodside's \$29 billion Browse project in WA would still be profitable.