

## Aborigines reject Browse LNG offer

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CANBERRA, Dec 5 (Reuters) - Aboriginal leaders in the rugged Kimberley region of Western Australia (WA) have angrily rejected a compensation offer from Woodside Petroleum Ltd for a proposed gas hub to open up an LNG development in the area.

Woodside is aiming to build a large coastal LNG plant -- estimated to cost as much as \$20 billion -- in the environmentally sensitive area to liquify natural gas pumped from the Browse Basin, 200 kilometres (124 miles) off the coast.

But Aborigines with land rights over the area said an offer of A\$500 million (\$322 million) in compensation by Woodside was inadequate against deals struck between miners and native land owners in other parts of the resource powerhouse state.

It is potentially the latest set-back for Australia's LNG industry, whose explosive growth in recent years has been hampered by a host of environmental and local government issues. The government's independent adviser called for reform of unnecessary regulations in the sector on Thursday.

"Traditional owners will support development, or gas development, if we're going to have an ongoing participation in the project, while we ensure our cultural heritage and our environmental values are met," Kimberley Land Council Chief Executive Wayne Bergmann told state radio.

The rejection by the council, which represents native owners at four potential hub sites, could force Woodside to seek support from the newly-elected conservative government in WA, which could order a time-consuming compulsory purchase of land.

Woodside signed a A\$35 billion deal with PetroChina in 2007 to sell up to 3 million tonnes of LNG a year from the Browse over 15 to 20 years. The Basin hold reserves of more than 50 trillion cubic feet, or a third of Australia's known offshore gas.

State Premier Colin Barnett has already indicated his preferred LNG hub site is North Head on the Dampier Peninsula, which environmentalists say threatens the Kimberley whale sanctuary, pristine coral reefs and mangrove forests.

Woodside said its proposal would have offered Aboriginal people annual payments for education, training and compensation, and denied the hub sites under consideration had significant heritage importance.

"We are in initial discussions on what the shape of an offer might look like," a Woodside spokesman said, adding that negotiations were continuing.

But Bergmann said Woodside's proposal offered no "through-put" royalties in relation to the hub, which would cover 10 square kilometres of land.

"It would be totally irresponsible for us to step forward on any such proposal. Woodside required traditional owners to sign-away, give up, all their opportunity to engage them, give Woodside open-slather to do what they like," he said.

Japanese petroleum major Inpex, frustrated with project approval delays in the Kimberley region, recently announced it would pipe gas from the Ichthys fields to Darwin for processing rather than wait for a hub site to be identified.

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