

Gas project deferred as global crisis strikes

THE Devil Creek Development Project 40km south west of Dampier is the latest victim of the global downturn after Santos announced the project will be deferred indefinitely.

The company last week said the Reindeer Project Joint Venture had decided to defer the development of the Reindeer offshore gas development and the onshore processing facilities to be located at Devil Creek in WA.

In a released statement Santos said their decision had been made due to adverse changes in the global economic outlook that have impacted the proposed foundation gas customer, believed to be Chinese-backed CITIC Pacific which is developing its iron ore project at nearby Cape Preston.

Deferral of the Reindeer Project Joint Venture will require the suspension or termination of certain engineering and construction contracts.

Santos said work would continue on regulatory approvals to ensure a timely re-start of the project once gas sales agreements which support the development were agreed.

Apache Energy Limited government and public affairs manager David Parker said the de-

cision was a response to dramatically changed financial outlooks globally.

"The decision by the companies (Santos and Apache) has now impacted on this particular project," he said.

The \$900 million Devil Creek Development Project is expected to have a life of 20 to 30 years. Before the deferral, construction was expected to start now, with the plant to be in production by mid-2010.

The proposed plant would consist of two gas processing trains, each with a capacity of 100tj per day of natural gas.

The gas was targeted for delivery into Western Australia's Dampier to Bunbury Natural Gas Pipeline, to feed population and industrial centres in the State's south.

Mr Parker said the company had not terminated the project but would constantly review the situation.

"The company will be monitoring this on a regular basis and will respond accordingly," he said.

Santos has a 45 per cent interest in the Reindeer Project with the remaining 55 per cent held by Apache Corporation.