

West Australia Selects James Price Point as LNG Hub

By Jason Scott

Dec. 23 (Bloomberg) -- Western Australia selected James Price Point as the location for a proposed liquefied natural gas production hub in the state's far north-west Kimberley region.

"James Price Point has been declared the location to most likely work best for the Kimberley community, for the environment, for industry and for Western Australia's future economic development," Premier Colin Barnett told reporters in Perth.

Western Australia is examining potential sites for the LNG production hub that would provide a location for onshore processing of gas from fields in the Browse Basin, including Woodside Petroleum Ltd.'s Browse LNG venture. Some environmental groups oppose any development of a gas manufacturing complex in the undeveloped Kimberley region.

The likelihood of developing a gas hub in the Kimberley was reduced in September when Inpex Holdings Inc., Japan's largest oil explorer, decided to locate the processing plant for its proposed \$20 billion Ichthys LNG project in Darwin, Northern Territory, instead of in Western Australia. Barnett, who wants to win the Ichthys project back for the state, is pushing for the development of a Kimberley LNG hub.

James Price Point was selected because it could meet heritage and environmental requirements, could accommodate more than two LNG processing operators and had no settlements within 20 kilometers, Barnett said in a statement today. Three other short-listed sites -- North Head, Gourdon Bay and Anjo Peninsula -- were dismissed.

Environmental Concerns

The environmental risks of development are likely to be manageable at James Price Point north of the tourist town of Broome, Paul Vogel, chairman of the Environmental Protection Authority, said on Dec. 19. The risk of expansion being greatly constrained at the site is likely to be low, he said.

The venue for today's announcement attracted about 30 environmental protesters concerned that an LNG hub in the Kimberley will disrupt whale-breeding grounds.

In an interview on Dec. 18, Barnett said James Price Point was not on "that part of the Kimberley coast that most people identify as that pristine spectacular coast line."

The authority took into account the size of the hub that may be needed, given the site will probably attract additional LNG production proposals in the future, Vogel said.

The Browse Basin, sitting off the coast of the Kimberley, has about 30,000 trillion cubic feet of LNG resources. The precinct will be built on about 1,000 hectares, which Barnett has said is a small amount of land ``in an area twice the size of Victoria state."

Woodside's Choice

Perth-based Woodside, operator of the Browse LNG venture, has previously said it supports the state's site selection process and is waiting for the final choice to be made. The company expects to decide by the year-end whether to develop Browse gas through a project at the Kimberley hub or by piping the gas south to existing LNG projects on the Burrup Peninsula.

``I am confident that the Woodside joint venture partners will choose to use the precinct rather than pursue the option of piping gas 850 kilometers to the Burrup Peninsula," Barnett said in a statement today.

Woodside spokesman Roger Martin declined to immediately comment. The Perth-based company may comment on the issue later today, he said.

BHP Billiton Ltd., BP Plc, Chevron and Shell have stakes in Woodside's Browse venture. Shell said in April it may favor a floating LNG project for its Prelude field in the Browse Basin, to avoid having to build a pipeline or construct a plant in an undeveloped and environmentally sensitive region.

Inpex Plans

Inpex and partner Total SA will decide whether to build the Ichthys LNG project late next year or early 2010 and production may start in late 2014 or early 2015. Barnett said today he was in regular contact with Inpex and hadn't given up on luring the project to Western Australia.

LNG is natural gas that has been chilled to liquid form, reducing it to one-six-hundredth of its original volume at minus 161 degrees Celsius (minus 259 Fahrenheit), for transportation by ship to destinations not connected by pipeline. On arrival, it's turned back into gas for distribution to power plants, factories and households.

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