

Woodside sidesteps gas-for-WA demand

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Woodside Petroleum is believed to have won State Government approval to develop its \$5 billion Pluto gas project off the North-West coast — and has done so without having to set aside a chunk of the gas for use solely in WA.

It is understood the only undertaking Woodside has given Alan Carpenter is that it will look into whether it is viable to build a domestic gas plant as part of the liquefied natural gas export project.

The Premier has warned that WA would run out of much-needed gas unless producers were forced to set aside 15 per cent of their reserves for local use rather than being allowed to export them all as highly lucrative LNG.

The Premier believes the policy is vital to ensure future gas supplies to the WA market in the face of rampant gas demand from international buyers who are prepared to pay significantly higher prices than are on offer in the local market.

But it is believed that as part of the Pluto approval process, Woodside will be granted at least five years to determine whether supplying gas from the Pluto field for the WA market is viable.

Woodside's calculations on whether a domestic gas plant is viable also will be subject to an assessment by an independent arbitrator.

Under Mr Carpenter's new domestic gas policy, producers can meet their local supply requirements from other fields or defer their domestic obligations until such time as supplying the local market became viable.

Woodside, which had previously branded any blanket reservation policy as "crazy" and said it could make projects such as Pluto unviable, declined yesterday to comment on the detail of the Pluto agreement.

A Woodside spokesman would say only that the company remained "in negotiations" with the Government. Mr Carpenter declined to comment.

Several industry sources said the Government was eager to announce the deal as a "vindication" that its policy would not stand in the way of LNG developments.

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