



Woodside board approves \$1.4 bn funding for Pluto project

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Oil and gas producer Woodside Petroleum Ltd said its board has approved up to \$1.4 billion in funding commitments to be used to develop the Pluto liquefied natural gas project.

The approval allows funding for site preparations on the Burrup Peninsula and the ordering of long lead items ahead of a final decision on whether to invest in Pluto midway through next year.

The funding decision follows talks with the state government of Western Australia on how its domestic gas policy would apply to the offshore Pluto project.

Woodside said it has reached a "satisfactory negotiation" with the state government, which wants gas producers to reserve a portion of their gas for the domestic market.

Woodside will begin preparing the Pluto project site next year following environmental approval from the Commonwealth government. Approvals have been delayed while the heritage value of the site, which is located near ancient rock art, is assessed.

The company has said the project, which it owns fully, will cost between \$6 billion and \$10 billion and will supply Japanese power utilities Kansai Electric and Tokyo Gas by the end of 2010.

The Pluto field was discovered 190 kilometres north-west of Karratha in Western Australia in April 2005.

Woodside said last month that its Browse field (400 kilometres north-west of Broome in Western Australia) and Pluto field would be significant contributors to the company's bottom line and were expected to double Woodside's LNG resources.

Woodside has forecast a strong LNG market until about 2012-2013 and is aiming to bring Pluto and Browse onstream to capture that window.

The Western Australian government today welcomed Woodside's commitment to the government's domestic gas reservation policy.

WA Premier Alan Carpenter said that under the terms of the Pluto domestic gas arrangement, Woodside had agreed to market and sell the equivalent of 15 per cent of the project's produced LNG to the WA energy market, provided it was commercially viable.

The start date of the commitment will occur five years after the date LNG is first exported from Pluto, or the date at which the 30 millionth tonne of LNG produced at Pluto is exported.

"Securing natural gas reserves for WA consumers is critical to our state's long-term economic future," Mr Carpenter said.

Woodside shares were 30 cents lower at \$37.99 today.

The full text of a company announcement is pasted below

The Board of Woodside Petroleum Ltd. has approved commitments of up to A\$1.4 billion for the Pluto liquefied natural gas development. The approval allows funding for site preparation and long lead items ahead of a final investment decision.

The Board remains on schedule to consider a final investment decision on the Pluto development by mid 2007. The full expenditure of the above commitments remains dependent on this decision.

The funding approval follows the satisfactory negotiation of arrangements with the Western Australian Government on the manner in which the State's recently released domestic gas policy would apply to

Pluto.

Site preparation for the development will commence once Commonwealth environmental approval for these works is received. State environmental approval for site works has been granted.

The Pluto development is scheduled to begin supplying LNG to customers Kansai Electric and Tokyo Gas by the end of 2010.

An announcement from the Premier's office is pasted below

Premier Alan Carpenter has welcomed Woodside Energy's decision to commit to the Western Australian Government's domestic gas reservation policy.

The Board of Woodside confirmed the arrangement when announcing today's \$1.4 billion investment in the Pluto Liquefied Natural Gas development off the Pilbara coast of WA.

The domestic gas deal was finalised late last week in an exchange of letters between the Premier and Woodside's managing director and chief executive officer, Don Voelte.

"Securing natural gas reserves for WA consumers is critical to our State's long-term economic future," Mr Carpenter said.

"I thank Mr Voelte for his support on this very important matter and welcome Woodside's investment in another exciting new gas development off WA."

Under the terms of the Pluto domestic gas arrangement, Woodside has agreed to market and sell the equivalent of 15 per cent of the project's produced LNG to the WA energy market, providing it is commercially viable. Woodside and the State will negotiate in good faith an appropriate test of commercial viability. The commencement date of the commitment will occur five years after the date LNG is first exported from Pluto, or the date on which the 30-millionth tonne of LNG produced at the Pluto site is exported.

"I fully support and promote the LNG export industry and what this deal has demonstrated is that gas producers can reserve gas for both export and domestic use," the Premier said.

"It also demonstrates that the State's 15 per cent domestic gas reservation policy is realistic and achievable."

Mr Carpenter said the Pluto development was another major project for WA that was expected to directly create 2,500 jobs during construction, more than 3,000 permanent and indirect jobs when operating and a \$28billion boost to the economy.

Woodside is due to make its final investment decision by the middle of next year on the project - which is estimated to cost between \$6 billion and \$10 billion.