

Pipeline chief warns on gas supply restrictions

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The State and Federal governments must reconsider the current system of granting retention leases over gas reserves for five years if WA is to overcome critical shortages, the chairman of the WA Domestic Gas Alliance, Stuart Hohnen, said yesterday.

Mr Hohnen, chairman of the Dampier to Bunbury natural gas pipeline, said most of WA's gas reserves were in the hands of a few big producers who focused on the LNG export market.

"We've currently got over 80 per cent of the discovered reserves sitting there in retention leases as being assessed as non-commercial and a number of those might have been assessed when gas prices were lower. We think there needs to be a lot more rigour in that assessment and a lot of these areas re-assessed," he said.

"And it should be a much more transparent process. At the moment

it's a confidential process between the discoverer and Government. And we think the consumers and infrastructure operators like Dampier-Bunbury pipeline should be involved. We've got to somehow get away from this dependence on major LNG developments for our domestic gas supply."

The backers of a major \$1.2 billion gas-processing plant on the Burrup Peninsula said last week the project was threatened by the lack of domestic gas and they may have to look elsewhere if the situation was not remedied.

Premier Alan Carpenter has instigated a 15 per cent domestic gas reservation policy for new projects but State Energy Minister Fran Logan conceded yesterday the State faced a "pinch period" between 2009 and 2014 before a number of smaller inshore and onshore gas projects would meet demand.

But Mr Logan said his Department was talking to the Federal Govern-

ment about retention leases and he had also asked for an assessment of the gas specifications currently required for domestic use. "There are a number of propositions around but they come down to the specs and whether they can be overcome either by reviewing the specs themselves and the pipeline owners agreeing to that," Mr Logan said.

"If the heating value is lower and the specs are lower it means you have to pump more gas into the pipeline to get the same amount of energy out.

"Another way of doing it is blending the gas upstream to increase those specs."

But Chamber of Commerce and Industry chief John Langoulant said an increase in the price of domestic gas was inevitable if consumers wanted to entice major producers to sell into the local market rather than prepare the gas for export as LNG.



Focus: Woodside's Goodwyn A platform represents a commitment to LNG.