

Feds approve Woodside gas field

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WOODSIDE Petroleum is poised to start its Pluto gas field in Western Australia after Environment minister Malcolm Turnbull approved the \$12b project.

The news follows hot on the heels of Mr Turnbull's approvals for the massive Gorgon gas project, also in Western Australia, and the controversial Gunns pulp mill in Tasmania.

Woodside said yesterday that Commonwealth environmental approval would allow it to start construction on the Pluto LNG project.

"Commonwealth environmental approval is the last of the key state and federal environmental and heritage approvals required for the project to proceed," Woodside said in a statement lodged with the Australian Stock Exchange.

"Other regulatory approvals continue to be received in line with expectations."

Pluto's estimated \$12 billion price tag makes it one of the most expensive resources projects ever attempted in Australia.

And if Woodside is successful in getting the gas to market by late 2010, it will also be the fastest liquefied natural gas development in the world.

Pluto will initially boost Woodside's production by about 4.3 million tonnes a year, but the company has committed to studies that could see the size of the project tripled.

Last week, Mr Turnbull ticked off the Gorgon project subject to a long list of conditions, after giving the green light to Gunns' proposed pulp mill late last week.

Last month, PetroChina signed an offtake agreement with Shell for the supply of one million tonnes of liquefied natural gas from Gorgon, over the next 20 years.

The deal allows the groups to conclude a detailed LNG sale and purchase agreement before December next year, but is conditional on a final investment decision being made by the Gorgon joint venture partners.

Days later, Woodside signed an agreement with PetroChina for sales of between two and three million tonnes of LNG a year from its as-yet-undeveloped Browse field, also in Western Australia, commencing between 2013 and 2015.

If the deal goes ahead, it will be worth between \$35 billion and \$45 billion in export revenues over its 15- to 20-year lifespan.

LNG is created by chilling natural gas to minus 161 degrees celsius, turning it from gas to liquid.

At this temperature, the gas reduces to one-600th of its original volume, enabling it to be transported economically by ship.

It is then converted back to natural gas at its destination.

Woodside shares fell 46 to \$53.95.