

Pluto carbon offset worth \$100m to CO2

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Ian Trahar's carbon credit company, CO2 Group, has scored a breakthrough deal with Woodside Petroleum to help offset emissions from the energy giant's \$12 billion Pluto gas project.

The deal, worth potentially \$100 million to CO2, is easily the biggest in the Perth company's four-year history and triggered its shares to soar 6.5¢, or 20.6 per cent, to 38¢. Executive chairman Mr Trahar, best-known for running conglomerate Avatar Industries and listing the Gribbles pathology business, has a 38.2 per cent stake in CO2 worth \$35.4 million.

CO2 chief executive Andrew Grant said the Woodside deal underlined the need for a company like his with the scale and low cost base to provide carbon offset programs for big corporate clients.

CO2's clients also include Qantas, although the Woodside deal is about 10 times the size of any previous contract it has entered into.

Under the deal, which is expected to be formalised by the end of the year, Woodside will pay CO2 \$25 million to plant 5000ha of land with mallee trees. The plantings, split between central NSW and WA's Wheatbelt, will take two years to complete.

Woodside will then have an option to extend the deal to include plantings through to 2012, at an additional cost of \$75 million.

CO2 will receive the main part of the deal value upfront, to cover the cost of the plantings, with the remainder to be paid as an ongoing management fee over 50 years.

Woodside expects the CO2 deal to cover up to 20 per cent of total carbon emissions from Pluto, which is due to come into operation as early as 2010.

Pluto's initial nameplate capacity, based on one processing train, will be about 4.8 million tonnes of liquefied natural gas (LNG) a year, emitting about 1.8 million tonnes of carbon dioxide in the process. The carbon dioxide will be separated from the gas during onshore processing on Burrup Peninsula and be released into the atmosphere. The five trillion cubic feet Pluto gasfield is about 190km north-west of Karratha.

Woodside struck the CO2 deal as part of environmental conditions on Pluto and is looking at ways to cover the remaining carbon emissions.

Woodside's share price soared \$1.80 to \$54.39, although investors focused their attention more on the fact that global crude oil prices reached \$US97/barrel in the US on Tuesday night.