

# Showdown looms over future gas development

THE Federal and WA governments are headed for a showdown with the operators of the giant Gorgon LNG project as they push for valuable untapped gas reserves off the State's North-West coast to be used to help solve WA's chronic domestic gas shortage.

Federal Resources Minister Martin Ferguson raised the stakes this week when he said the Rudd Government would rigorously scrutinise about 10 gas retention leases going through the renewal process to ensure big oil and gas companies were not warehousing gas for future LNG exports that could be developed now to meet critical demand in the domestic gas market.

The West Australian has since

confirmed Mr Ferguson was referring to applications made by Gorgon operator Chevron and North-West Shelf operator Woodside to roll over, for another five years, the renewal leases covering 10 separate gas discoveries that the two companies and their respective partners have argued are not viable to develop in their current state.

Chevron's eight retention leases cover gas fields within the Gorgon project and also include West Tryal Rocks, Jansz, Australind and parts of the Spar and Iago discoveries.

Woodside is attempting to roll over its West Dixon and Egret retention leases.

Chevron's latest attempt to roll over the West Tryal Rocks lease comes five years after the

late Multiplex founder John Roberts argued against its renewal on the grounds it was already commercially viable as a source of domestic gas.

The Chevron and Woodside renewal applications — some of which relate to leases which expired up to 12 months ago — pose a critical test for how strictly the Rudd Government will apply the "use it or lose it" rule when considering requests to defer development of valuable untapped gas reserves. Another 18 retention leases off the WA coast, including other parts of Gorgon, are due to face the Rudd Government's more rigorous approach to the commercial viability test when they expire this year.