

Bigger reserves needed to underpin second LNG train

WOODSIDE Petroleum expects to find at least another one trillion cubic feet of gas around its Pluto field this year, and possibly up to 3tcf, as it battles to secure enough reserves to justify the development of a second processing train for the key \$12 billion project.

The Perth energy giant wants to achieve final board approval for a second train at Pluto's processing facilities on the Burrup Peninsula by the end of this year but needs more gas to justify the additional capital cost, likely to be more than \$1 billion.

Cyclones permitting, Woodside is planning at least three key exploration wells around the offshore Pluto gasfield in an attempt to increase the known reserves of about 5tcf.

Exploration executive vice-president Agu Kantsler said yesterday the gas targets identified by Woodside ranged from 0.5tcf to 3tcf.

"Obviously 0.5tcf would be disappointing for us," he said. "I am pretty confident we will get at least 1tcf."

The exploration efforts coincide with attempts by Woodside to sign up third-party gas to help underpin the second train.

Pluto's maiden train, due to enter production by 2010, will require about 200bcf of gas to achieve its nameplate output of 4.3 million tonnes of LNG a year.

Unlike the nearby Browse and Gorgon fields, Pluto is relatively small and has prompted Woodside chief executive Don Voelte to market its Burrup facilities as a hub willing to process, and therefore trigger development, of other, smaller fields in the area owned by third parties.

Mr Voelte has set himself a target of building an LNG train every two years and yesterday flagged the development of a third train at Pluto as well as maiden trains for its Browse and Sunrise projects all around 2013.

Woodside expects to sign off on the Sunrise development, in the Timor Sea, by next year and follow with the formal approval for the larger Browse project a year later.

Mr Voelte has not revealed likely costs for Sunrise or Browse but was able to surprise investors with news that the cost of Woodside's Angel field, part of the North-West Shelf gas development, had come in \$200 million below the \$1.6 billion budget.