

Chevron to build LNG plant in Australia-paper

Fri Mar 7, 2008 8:25pm EST

SYDNEY, March 8 (Reuters) - Chevron Corp (CVX.N: [Quote](#), [Profile](#), [Research](#)) (CVX.N: [Quote](#), [Profile](#), [Research](#)), the second-largest oil and gas company in the United States, will build a multi-billion dollar liquefied natural gas plant for its Wheatstone project off western Australia, The Australian newspaper reported.

Citing no sources, the paper said the plant will be Chevron's first wholly owned LNG investment in Australia, and the company is expected to make the announcement within days. The decision has already been communicated to the Australian government, it said.

Chevron had said in February it was studying a possible gas-to-liquids project in Western Australia to convert gas from Wheatstone.

Wheatstone was discovered in 2004 in Chevron's 100 percent owned retention lease, WA-17-R, which lies close to both the North West Shelf Venture gas fields and Barrow Island.

The Australian said the Chevron decision raises questions marks over the future of the over \$10 billion Gorgon LNG project, also off western Australia, in which Chevron, Exxon Mobil Corp (XOM.N: [Quote](#), [Profile](#), [Research](#)) and Royal Dutch Shell Plc (RDSA.L: [Quote](#), [Profile](#), [Research](#)) have stakes.

The paper said a final decision on investment in Gorgon has been postponed until early next year.

Demand for LNG is rising, in part because natural gas is relatively clean burning. Liquefying natural gas allows it to be transported from remote places without building vast networks of pipelines.

Western Australia, rich in natural gas, is home to several major LNG developments. (Reporting by Jonathan Standing; Editing by Tomasz Janowski)