

Chevron plans new LNG project off WA

March 10, 2008 - 11:56AM

Chevron Australia Pty Ltd plans to develop its wholly-owned Wheatstone natural gas discovery offshore Karratha in Western Australia as a new liquefied natural gas (LNG) project.

Chevron Australia managing director Roy Krzywosinski said prospective development opportunities include LNG, domestic gas and gas-to-liquids.

The initial phase of the development will tap an estimated 4.5 trillion cubic feet of natural gas resources within two permits that include the Wheatstone discovery.

"We intend to use Wheatstone gas resources to underpin a LNG facility on mainland WA," Mr Krzywosinski said.

The processing facility will have initial capacity of at least one five million tonne per annum LNG production 'train' with expansion capacity for additional production trains.

"We recognise and respect the desire of the (WA) government to plan for Australia's future energy needs and Wheatstone, in our view, is not only going to be a platform where we can not only commercialise our gas resources for LNG but also provide domestic gas for the local market," he told AAP.

Mr Krzywosinski could not yet confirm whether Chevron Australia's domestic gas commitment would be in line with the WA government's gas reservation policy, requiring gas producers to reserve 15 per cent of their gas reserves for the domestic market.

"We're currently looking at that and certainly understand, and as I mentioned, respect that energy security is a priority for the government, and that government and industry would need to plan for future gas energy needs.

"Wheatstone will be able to provide an infrastructure hub, so to speak, to provide that commercial gas and we're continuing to work with government to understand the scope of that commitment."

Wheatstone was discovered in 2004 and appraisal drilling was conducted late last year.

Currently, Chevron Australia is currently preparing design studies for development and production, further field appraisal work and site evaluation.

Front-end engineering and design is expected to commence next year.

Having assessed several options over the past 12 months, Mr Krzywosinski said Chevron concluded that it made sense to locate the facility on mainland WA "for commercial reasons but its also in line with our long term strategic vision".

Chevron Australia would develop Wheatstone and its massive, Barrow Island-based Gorgon LNG project, which is also offshore Karratha, as independent projects, he said.

"We have enough gas resources in WA to underpin two Chevron-operated LNG plants.

"We see Wheatstone as the key asset to underpin that first phase of development, which will then further unlock future gas resources: it could be future expansion of that LNG concept, it could be even possibly GTL.

"But we think getting that first plant down and using Wheatstone to underpin that is a strategic decision, so to speak.

"We're going to be bringing on board over 100 people as we conduct further technical studies to determine the plant size, the plant location, and we'll be doing some ongoing field appraisal work and also to identify potential markets.

"We're moving forward with quite a determined focus in developing our large natural gas resources in Australia and continue to make significant multi-million investments to discover, develop and commercialise our significant Australia gas resources for both domestic and international markets."

© 2008 [AAP](#)