

Santos to give Devil Creek nod

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Santos is poised to give the go-ahead for the \$800 million Devil Creek gas project in the Pilbara in a major coup for supply-starved WA industrial consumers.

An announcement from Santos is expected as early as this week, coinciding with the start of the annual Australian Petroleum Production and Exploration Association (APPEA) conference in Perth.

Santos' joint venture partner, Apache Corp (55 per cent), has already signed off on developing Devil Creek, which aims to provide gas from the offshore Reindeer field into the domestic gas market from 2010.

Reindeer has reserves of about 350 petajoules.

The project is key to Apache's ambition to overtake North West Shelf manager Woodside Petroleum as WA's biggest domestic gas supplier within three years.

The project includes a wellhead platform at Reindeer field, a 103km pipeline to Devil Creek's proposed location near Forty Mile Beach, about 45km south of Dampier and alongside the Dampier-to-Bunbury gas pipe-

line where the gas plant will be located. Construction is due to start in the middle of this year.

As flagged by *WestBusiness* last week, Clough is expected to win a major share of the work.

Aluminium giant Alcoa, which needs more gas to underpin its WA expansion plans, and the State's emerging iron ore miners are expected to tender for Reindeer gas, with Apache due to make a decision on the successful off-take partner over coming months.

Apache is eyeing Devil Creek as the onshore processing hub for several of its other offshore gas discoveries, including the Julimar-Brunello fields which are estimated to contain up to four trillion cubic feet of gas, and the latest find, Halyard, for which initial well results are imminent.

Apache has also not ruled out an LNG operation for Julimar or the possibility of processing the gas through Woodside's \$12 billion Pluto plant on the Burrup peninsula, whose growth plans are reliant on third-party gas.

The US energy giant expects to make its final investment decision for Julimar this year with a first-gas target of 2011.

Big-ticket gas projects are the focus of this year's APPEA conference, with Australia's peak oil and gas lobby targeting a trebling in LNG export volumes from about 15 million tonnes a year to about 50mtpa by 2017 and for 70 per cent of the country's new power stations to be gas-fired.

APPEA says the ambitious targets will save enough emissions a year to offset those produced by 36 million cars, or 180 million tonnes, and provide a core plank of the industry's contribution to reducing global greenhouse gas emissions.

APPEA's push to be seen to be working towards an industry-wide reduction of emissions is summed up by the Energising Change title of its conference, which will be attended by more than 2000 delegates.

APPEA chairman and Chevron executive Colin Beckett is likely to use his opening address this morning to urge the Government to further streamline Australia's regulatory approvals process.

He also wants encouragement for more frontier exploration to boost Australia's falling oil production.