

LNG to supply a third of Asia's energy

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Liquefied natural gas (LNG), with its relatively low carbon emissions, will supply about one third of Asia's energy needs by 2030, ExxonMobil says.

ExxonMobil Development Company vice president of established areas projects, Alan Hirshberg, told an oil and gas conference in Perth Tuesday that no fossil fuel will grow faster than natural gas between now and 2030.

By then, it will account for almost a quarter of global energy demand, up from 20 per cent Tuesday, Mr Hirshberg said.

Gas demand for power generation will grow at 2.2 per cent annually, while demand in commercial, residential and industrial sectors is expected to grow at just under 1.5 per cent per year, he said.

Demand in excess of local production will primarily be met by LNG supply.

By 2030, overall LNG demand will triple by 2030 and the regional distribution will change significantly.

In 2000, the LNG business was still primarily Asian focused, much like it had been for the previous 30 years.

But as a result of their increasing dependence on gas imports, the American and European LNG demand will combine to surpass Asia by 2015.

He said the world's gas markets were becoming increasingly linked and inter-regional competition for LNG supply would grow.

So too will competition to bring LNG projects online. He said there were seven LNG project start ups last year and another 12 are expected this year.

LNG will make a major contribution to our growing need for energy.

Overall energy demand will grow at 1.3 per cent per year until 2030, he said.

Mr Hirschberg said ExxonMobil and its joint venture partners for the large Gorgon project offshore Karratha in Western Australia, Chevron and Shell, were some time away from making a final investment decision.

The Gorgon partners are understood to be aiming to release capital expenditure estimates after the current phase of front end engineering and design (FEED) by mid-2009.

Some observers have estimated the project, which also includes an ambitious geosequestration component, will cost about \$20 billion.

Environmental approvals for a third LNG processing 'train' on the environmentally unique Barrow Island are also expected to be received by mid next year.

Mr Hirshberg said the project, which will extract a resource more than 200 kilometres offshore in waters one kilometre deep, includes a subsea tieback that will be one of the longest and deepest in the world.

He said Exxon wanted its share of the LNG sold prior to the final investment decision.

He also touched on the Papua New Guinea (PNG) LNG project, led by Oil Search Ltd, saying the joint venture partners will enter the FEED phase as soon as fiscal terms are agreed upon with the PNG government.

They are currently starting project execution planning for this \$US10 billion (\$A10.81 billion) project, which will see 10 trillion cubic feet of gas and 250 million barrels of liquids extracted and processed through a 6.3 million tonnes per annum liquefaction facility near Port Moresby.

This is the largest private sector investment ever pursued in PNG and will double its GDP with benefits being royalties and job creation for landowners, Mr Hirshberg said.

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