

Chevron Won't Run Wheatstone Gas Through Woodside Pluto Site



April 09, 2008: 01:23 AM EST

MELBOURNE -(Dow Jones)- Chevron Corp. (CVX) said Wednesday that it will develop its offshore Wheatstone liquefied natural gas project through a new plant on the Western Australian mainland, not at Woodside Petroleum Ltd.'s (WPL.AU) Pluto LNG site.

"After assessing a range of potential development options, Chevron is now working to commercialize its 100%-owned Wheatstone gas resource as a mainland greenfield LNG and domestic gas project," a Chevron spokesman said in a statement.

"Chevron looked at a range of third party options but they did not offer the commercial and long-term strategic benefits of a greenfield LNG project," he said. "In addition, Chevron needs to find commercial options for all the non-Gorgon gas it has and that is going to come from discoveries west of Barrow (Island), meaning the size and location of the Pluto plant won't be suitable in the long term."

The comments expand on San Ramon, California-based Chevron's March 9 announcement that it would develop the Wheatstone site. That statement didn't name Pluto as being an unsuitable site.

The Greater Gorgon project on Barrow Island off the Western Australian coast, if it goes ahead, will be Australia's most expensive resources project to date and its first stage is expected to process 15 million tons of LNG a year. Chevron owns 50% of Gorgon, which analysts tip will cost around A\$30 billion, and is the project's operator.

The Wheatstone field is next to the Pluto field, and with Woodside planning to expand its A\$12 billion Pluto LNG development to two production plants, or trains, there has been a lot of speculation Wheatstone gas would be processed at Pluto.

Chevron has balked at paying Woodside A\$1.3 billion to develop the field, The West Australian newspaper reported Wednesday, without citing its sources. Woodside demanded the payment for granting Chevron access to a 180 kilometer pipeline to bring the gas to the Pluto LNG plant being built on the Burrup Peninsula, the newspaper said.

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