

Months before Varanus resumes production: Apache

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APACHE Energy has warned that it may be months before it can resume partial gas sales from its Varanus Island facility after an initial assessment indicated the pipeline rupture and fire had caused heavy damage.

"Our specialist team of engineers, including assessment and recovery experts, have made an initial assessment that partial restoration of gas supply is likely to take a couple of months," Apache Energy managing director Tim Wall said.

The incident has caused visible damage to piping infrastructure and to some supporting equipment, and the engineering team is working to determine the full extent of damage, he said.

"Some of the materials required to restore the facility are not off-the-shelf items."



Fire damaged pipelines at Apache Energy's Varanus Island gas processing plant

He added that most of the gas delivered through Varanus Island is supplied to industrial customers, which will mitigate any impact on residential supplies.

Wall also said Apache was working with its mainly industrial gas customers to minimise the impact, however *Reuters* quoted Western Australia Energy Minister Francis Logan as saying miners and other major gas users were already feeling the effects of the disruption.

Logan added BP was producing diesel at maximum levels at its Kwinana refinery near Perth and was investigating ways to import additional diesel from other countries to help compensate for the gas shortfall – but warned that the price of gas and diesel would rise sharply during the outage.

A number of miners including Newmont, Newcrest and Oxiana have been forced to power their operations with expensive diesel while *Dow Jones newswires* reported that Alcoa, which obtains a quarter of its energy supplies from Apache, had already taken a \$10 million hit while it sought alternative energy supplies.

Oxiana this afternoon advised that it is now sourcing electric power for its Golden Grove operations on the spot market, and had begun restoring operations to full production earlier this afternoon.