

Apache pursues Devil Creek gas project

28-July-08 by Rebecca Lawson

While much of the state focus has been on the Varanus Island gas crisis, operator Apache Energy is forging ahead with its Devil Creek gas development project which is open for environmental submissions from the public.

Apache and the Environmental Protection Authority are calling for public submissions to the proposed project, a greenfield gas development located 45 kilometres southwest of Karratha and tied into the \$842 million offshore Reindeer gas field.

The Reindeer gas field was discovered in 1997 and first gas is targeted by the end of 2010.

Gas will be compressed and exported to the Western Australian domestic gas market via the Dampier - Bunbury natural gas pipeline.

The field is expected to provide additional gas supply of at least 100 terajoules per day of gas to the pipeline.

At present, Apache said it has no other alternatives to process gas from the Reindeer field having already considered sites at Varanus Island, the Burrup Peninsula and the Maitland Industrial Estate.

However these sites have been rejected during feasibility work due to potential environmental impacts, safety and technical reasons and potential conflicts with existing users.

The environmental review period comes at a time when varying government and non-government bodies are calling for energy security following the pipeline rupture at Varanus last month.

The [Devil Creek's] gas supply into the [pipeline] will significantly bolster the security of supply and mitigate against supply shortfalls in the event that major gas inputs originating from the Burrup Peninsula were disrupted due to shutdowns arising from scheduled events (including maintenance) or unscheduled events (such as cyclones)," Apache said.

Capital expenditure for the development project is estimated at \$900 million and projected annual operating expenditure is pegged at \$25 million. Petroleum resource rent tax and company tax expected to be paid over the life of the gas field is estimated

at \$1.2 billion.

Earlier this year, Apache and joint venture partner Santos gave the go ahead for the Reindeer gas project.

Public submissions are due to close August 11.