Woodside shuts LNG unit

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AUSTRALIA's biggest single LNG production facility is out of action until the middle of next month after Woodside Petroleum shut down the fourth production train on the North West Shelf.

The failure, the third since the $1.6 billion production train was commissioned two years ago, is the latest in series of problems affecting Woodside, the Shelf project operator.

Woodside last night provided brief details of the shutdown and said its shipping schedules had been rejigged to avoid missing contract cargoes.

It is understood the fourth train has been out of action for about a week.

Woodside has brought forward a maintenance program scheduled for September in a bid to minimise the effect of the failure.

Train 4 was commissioned in August 2004 and has a nameplate capacity of 4.2 million tonnes a year. In February last year, it was shut down for 20 days for remedial work on the main cryogenic heat exchanger.

At the time, the company said the shutdown might result in the delay of two cargoes.

Then in August Train 4 was shut down again to repair a mixed refrigerant compressor, taking about 30 days to complete.

It was estimated then that a 30-day unscheduled shutdown was likely to result in the project missing up to seven LNG shipments, each worth more than $20 million.

It is understood the latest failure involves the same compressor, which is encouraging Woodside officials to believe action to overcome the fault will not take long.

A Woodside spokesman emphasised last night that any shipments affected were deferred, not lost.

Train 4 boosted NW Shelf production to almost 12 million tonnes a year.

Its design is being replicated in Train 5, now under construction on the Burrup Peninsula. When completed in 2008, it will lift the project's capacity to about 16 million tonnes a year and make it one of the biggest LNG plants in the world.

The first two trains began operating in 1989, and a third was added in 1992. The NW Shelf partners maintain it is the world's most reliable LNG shipper, saying no shipment had been cancelled during more than 26 years of moving LNG.

Because of the high temperatures at which the LNG plant operates, it takes time to determine the causes of major equipment failures, as processing equipment must be cooled down before inspections can be safely carried out.

The six equal participants in the NW Shelf venture are Woodside, BHP Billiton Petroleum, BP, Chevron, Japan Australia LNG (MIMI) and Shell Development.

The latest Train 4 failure adds to Woodside's woes this year, which have already led to senior management changes.

The company has had to cut its 2006 production forecast by 5 per cent to 72 million barrels of oil-equivalent after the failure of the offshore Mauritanian project at Chinguetti to meet targets.

Production was also affected by cyclones on the NW Shelf, accidents at two floating production facilities, and maintenance issues with the Laminaria-Corallina fields in the Timor Sea.