

# Chevron launches major gas project in Australia

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**PERTH, Australia:** Chevron Corp. said Monday it plans to develop a liquefied natural gas export venture based on its 100 percent-owned Wheatstone field off northwestern Australia.

Chevron aims to start engineering and design work for an initial 5 million metric tons (5.5 million U.S. tons) per year natural gas facility in 2009, the San Ramon, California-based company said in a statement.

The facility will be built on the northwest coast of mainland Australia, it said, ruling out a location on Barrow Island, the nearby site of Chevron's Gorgon LNG venture with Royal Dutch Shell PLC and Exxon Mobil Corp. The Gorgon venture has been delayed well beyond its original 2006 go-ahead date because of lengthy environmental approvals and cost pressures.

Roy Krzywosinski, the managing director of Chevron Australia, said, though, the company is "committed to both projects."

"In our view Wheatstone will not have an impact on Gorgon and, quite frankly, will not change our sense of urgency to move Gorgon forward," Krzywosinski told Dow Jones Newswires in an interview. "We believe that we've got enough gas resources to support two Chevron-operated LNG facilities."

There is still uncertainty as to when Chevron and its partners will approve Gorgon, which would be Australia's biggest resource development.

There has also been persistent speculation of dissent among the joint venture partners as costs continue to rise.

Gorgon's last cost estimate of 11 billion Australian dollars was made more than four years ago and some analysts say a revised figure would be roughly double.

The partners have spent around A\$1 billion over the past two decades on exploration, development and marketing of the Greater Gorgon fields, which are estimated to contain more than 40 trillion cubic feet of gas.

Wheatstone, in contrast, is much smaller, with Chevron planning to tap an estimated 4.5 trillion cubic feet of gas. Discovered in 2004, Wheatstone is the latest Australian LNG project targeting Asia's rising demand for the fuel.

The Australian government predicts that LNG exports from the nation could quadruple to more than 50 million tons by the second half of next decade, fueled mainly by increased consumption in China, Japan, India and South Korea.

A Chevron team of roughly 100 people will conduct further appraisal drilling on both Wheatstone and the adjacent lago field this year, along with design studies and site evaluation, the company said.

Krzywosinski declined to comment on capital costs, or when a go-ahead decision might be taken.