

Chevron to develop new LNG project offshore WA

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ENERGY giant Chevron plans to develop its wholly owned Wheatstone natural gas discovery offshore from Karratha as a new liquefied natural gas project.

The oil giant has its massive Barrow Island-based Gorgon LNG project also offshore from Karratha, which has been estimated by industry observers to cost as much as \$20 billion to develop.

Chevron Australia Pty Ltd managing director Roy Krzywosinski said the US-headquartered company would develop Wheatstone and Gorgon, which were 85 kilometres apart, as independent projects through the wholly owned local subsidiary that he heads.

"We have enough gas resources in WA to underpin two Chevron-operated LNG plants," he said.

"Wheatstone will not change our sense of urgency in moving the Gorgon project forward.

"We'll move both projects forward without delay."

The initial phase of the Wheatstone development will tap an estimated 4.5 trillion cubic feet of natural gas resources within two permits that include the Wheatstone discovery.

The processing facility will have initial capacity of at least one, five million tonne a year LNG production "train", with capacity for additional production trains.

By comparison, the Greater Gorgon area fields are estimated to contain about 40 trillion cubic feet of gas, with an initial three-train project slated to produce 15 million tonnes of LNG per year.

"We intend to use Wheatstone gas resources to underpin a LNG facility on mainland WA," Mr Krzywosinski said.

"Wheatstone, in our view, is going to be a platform where we can not only commercialise our gas resources for LNG but also provide domestic gas for the local market."

He said future gas resources could be used to expand LNG production or even for gas-to-liquids, a technology that enables refiners to produce clean-burning diesel fuel, liquid petroleum gas and naphtha from natural gas.

Mr Krzywosinski could not yet confirm whether the Wheatstone project would comply with the WA government's gas reservation policy, requiring gas producers to commit 15 per cent of their gas reserves for the domestic market.

"We're currently looking at that and certainly understand and ... respect that energy security is a priority for the government, and that government and industry would need to plan for future gas energy needs.

"Wheatstone will be able to provide an infrastructure hub, so to speak, to provide that commercial gas and we're continuing to work with government to understand the scope of that commitment."

Mr Krzywosinski said Chevron concluded that it made sense to locate the facility on mainland WA "for commercial reasons but its also in line with our long-term strategic vision".

He said that while Chevron intended to keep Wheatstone wholly owned, the processing facility could take gas from other companies.

Wheatstone was discovered in 2004, and appraisal drilling was conducted late last year.

Chevron Australia is preparing design studies for development and production, further field appraisal work and site evaluation.

"We're going to be bringing on board over 100 people as we conduct further technical studies to determine the plant size, the plant location, and we'll be doing some ongoing field appraisal work and also to identify potential markets," Mr Krzywosinski said.

"We're moving forward with quite a determined focus in developing our large natural gas resources in Australia and continue to make significant multi-million (dollar) investments to discover, develop and commercialise our significant Australia gas resources for both domestic and international markets."

Front-end engineering and design is expected to commence next year.

Also today, Chevron Asia Pacific and its partners reached a final investment decision for the \$US3 billion (\$A3.225 billion) Platong Gas II project in Thailand.