

Chevron eyes giant Pilbara LNG project

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Mining

IN what could become the nation's biggest development, US oil major Chevron is looking at building a giant 25 million-tonnes-a-year liquefied natural gas export hub on the Pilbara coast from which it plans to start producing from 2015.

The project, for which three sites are being considered, would start by producing 10 million tonnes of LNG a year through two trains. It would be underpinned by gas from the company's Wheatstone field in the Carnarvon Basin, Chevron said in documents submitted to the federal Environment Department.

And in a move bound to rile rival Woodside Petroleum, Chevron is seeking approval to boost the plant to a five-train operation, if it can source enough third party gas and shore up gas from its own fields outside the Greater Gorgon area.

While the later phases are a long way down the track, if they came to fruition the hub would be larger than the current North West Shelf LNG project and the Chevron-operated Gorgon, which is currently Australia's biggest planned resources development.

Chevron would not give a cost

Three potential sites for the project are Ashburton North, Onslow, and Cape Preston

estimate for Wheatstone, but it would be expected to be in the same realm as Gorgon, which analysts say could cost \$30 billion.

The plans for more trains flag competition for Woodside, which is building its \$12 billion Pluto LNG project on the Burrup Peninsula and is trying to secure gas to approve a second train there.

Wheatstone had been seen as a prime contender to supply the second train until earlier this year when Chevron said it would pursue development of its own LNG plant.

A Chevron spokeswoman said the development of the delayed 15 million-tonnes-a-year Gorgon project on Barrow Island, which is in initial engineering and design phase and for which a production date has not been released, was still going ahead as planned.

She also said there had been

no progress made in lining up third parties for the potential remaining trains at Wheatstone.

Chevron has selected three potential sites for the project, Ashburton North, Onslow or Cape Preston, over about 100km of coastline south of the Burrup Peninsula.

As well as an LNG plant, Chevron is planning a domestic gas plant that would produce 250 million cubic feet of gas a day, which represents 15 per cent of LNG sales from the first train, and would increase in with LNG sales line after that.

Chevron has said that the 4.5 trillion cubic feet of gas reserves at Wheatstone would underpin one LNG train, but in July said drilling at the nearby Iago field had led it to consider a three-train operation.

Iago spans two retention permits, one owned by Chevron, and another owned one-third by Shell and two-thirds by Chevron.

Chevron did not mention Iago in the documents but this is likely to be the source of gas for the second train.

Chevron said the Wheatstone Development was expected to run for about 30 years and that it planned to select a final site in the second quarter of next year.