

Deals may be necessary

By **KIERAN MORAN**

Kieran.Moran@gladstoneobserver.com.au

QGC British Gas and Origin/ConocoPhillips may be forced into consolidating their liquefied natural gas (LNG) plants on Curtis Island whether they like it or not.

Consolidation speculation is rife with industry insiders after it was announced last Friday that Santos and Shell are in talks to merge

both LNG projects. A briefing note from Citigroup said that while at first glance the Santos/Shell move would appear to have negative implications for Origin/ConocoPhillips APLNG in that there would be fewer customers to sign up, it may encourage APLNG and BG to discuss consolidation.

"Whilst BG would benefit from a much larger (and higher quality)

“We do not comment on commercial discussions.”

QGC (BRITISH GAS)

resource base, APLNG would gain from BG's LNG marketing expertise and portfolio approach to

managing LNG supply," the note says.

A spokesperson for QGC (British Gas) told *The Observer* yesterday they do not comment on commercial discussions they may or may not be having.

"Our position has always been that QGC is committed to delivering an economic two-train QCLNG Project and we do not want to be

diverted from this," the spokesperson said.

"We are willing to co-operate and collaborate with other projects where it adds value and does not compromise our ability to deliver our project."

An APLNG spokesperson said at this stage there are no plans to work with other proponents.