

LNG hub gassed to go

Green light expected for plants

Dinakar Sethuraman

IT IS full steam ahead for the five proposed Queensland LNG projects, which are all hoping to get the green light to proceed with development this year.

If they all go ahead, they will produce an initial 30 million tonnes of LNG a year, creating a multibillion-dollar export hub in Gladstone.

The industry will feed off the estimated 20 trillion cubic feet of proven plus probable coal seam gas reserves in Queensland.

In the past week or so, updates on the projects have come thick and fast.

Santos, which is a partner with Malaysia's Petronas group, said it expected an investment decision on the first train of its Gladstone LNG project by mid-year.

CEO David Knox has favoured consolidation among the LNG players but says the chance for that has now probably passed.

British gas giant BG Group, which took over Queensland Gas last year, also expects to give the green light this year for the initial two trains (processing plants) of its Curtis Island LNG project.

It upgraded planned output from 7.3 million tonnes a year to 8.5 million.

Arrow Energy, which this week announced it had bought out its joint venture partner, indicated it might push back its March 31 deadline for making an investment decision on the first train of its Fisherman's Landing project.

Shell, which owns 30 per cent of Arrow CSG resources, expects a separate decision on its Curtis Island project and Origin and ConocoPhillips plan to approve a first train this year.

"BG looks well placed to go ahead given the growth in project reserves and off-take agreements followed by Arrow and Santos," says Neil Beveridge, a Hong

Santos and Petronas

- A three-train facility at Curtis Island producing up to 10Mt of LNG a year
- A final investment decision by mid-2010
- First exports early 2014
- Supplementary EIS submitted
- Workers required: 6000

Origin and ConocoPhillips

- A four-train facility at Curtis Island producing at least 16Mt of LNG a year
- Final investment decision by December
- First exports late 2014
- Lodged draft EIS
- Workers required: 5000

BG Group

- Three-train facility at Curtis Island producing up to 12Mt of LNG a year
- Construction on first two trains scheduled to begin this year pending government and environmental approvals
- Final investment decision this year
- First delivery of LNG in 2014
- Supplementary EIS submitted
- Workers required: 5000

Shell

- Four-train facility at Curtis Island producing up to 16Mt of LNG a year
- First LNG train by 2014 or 2015
- Preparing an EIS based on draft terms of reference
- Workers required: 3000

Arrow Energy

- One-train facility at Fisherman's Landing producing up to 1.5Mt a year
- Final investment decision due March 31 but could be delayed
- First LNG production at end of 2012
- EIS has been approved
- Workers required: 1200+



Source: Company websites and estimates, Department of Infrastructure and Planning

Kong-based analyst at fund manager Sanford C. Bernstein.

"Origin and Conoco, despite their strong resource position, look further behind."

But a spokesman for the Origin joint venture, known as Australian Pacific LNG, says the company is comfortable with the progress of

its project. Nevertheless Andy Flower, an independent consultant, says buyers' appetite for LNG has slowed amid an international surplus of the fuel.

The top LNG buyers in Asia, led by Tokyo Electric Power, Tokyo Gas and Korea Gas, have committed to conventional LNG ventures

in Australia and Papua New Guinea helmed by ExxonMobil and Chevron Corp.

"This creates problems for 'unconventional LNG projects' such as those proposed for Gladstone, which are using coal seam gas as a feedstock, analysts say.

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