Petronas says its floating LNG plant could be first to market

Kuala Lumpur (Platts)—9 June 2011 -- Malaysia's Petronas is planning to take a final investment decision on a floating liquefied natural gas facility by the end of the year, in a move that could make it first to market with floating LNG production in early 2015, the state-owned company's chief executive said Wednesday.

That would put Petronas at least a year ahead of scheduled first production from Anglo-Dutch major Shell's recently approved Prelude FLNG facility in Australia.

"We will get the first commercial cargo by early 2015, with the project completed by 2014," CEO Shamsul Azhar Abbas said, speaking at the company's report of its financial results for the year ended March 31.

He acknowledged that the timeline is "tough to get."

The project will be 100% owned by Petronas and will be located in western Malaysia with a capacity of 1.2 million mt/year. He did not specify the gas field that would supply the feedstock for the plant.

"We reckon 1.2 million mt to be the most optimum size as far as floating LNG is concerned," Shamsul said, adding that, as the company becomes more familiar with the technology, it could scale up the size of any future floating LNG projects.

Shell took its final investment decision on its 3.6 million mt/year Prelude floating LNG project off northwestern Australia in May. That floating facility will also be able to handle 1.3 million mt/year of condensate and 400,000 mt/year of LPG.

Shell's FLNG facility will be 488 meters long and weigh around 600,000 mt, and has been designed to withstand category five cyclones. The first commercial cargo is expected in 2016.

Neither Shell nor Petronas have provided the cost details of their projects, although Shell has said its development cost for Prelude is competitive with other new LNG projects, which typically run to $3-3.5 billion per 1 million mt/year of LNG capacity.

"We are not in a position to go for that level of sophistication as yet," said Shamsul, referring to the size of the Shell project.

Petronas and its shipping subsidiary MISC awarded a front-end engineering and design contract for a floating LNG unit to France's Technip and South Korea's Daewoo Shipbuilding & Marine Engineering in February.

The FEED contract for the FLNG unit, which will have a capacity of around 1 million mt/year and be located in Malaysia, is scheduled to be completed by the second half of 2011, Technip said at the time.

A spokeswoman for Technip said then that there was no timeline for executing the project, as that would depend on when Petronas reaches a final investment decision.

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