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West Australian Premier and BHP Billiton take same position on FLNG as Timor-Leste

Last week a number of significant statements were made in Australia regarding the use of Floating Liquid Natural Gas (FLNG) as a development option for the extraction of oil and natural gas. These align fully with the consistent statements of the Government of Timor-Leste over the past five years.

According to the Australian newspaper the West Australian, Premier Colin Barnett declared that the development of the Browse field off the coast of Western Australia using FLNG would be a “silly result” as it would deprive the state and nation of jobs and domestic gas supplies. He noted "We would be stark raving mad as a country not to have Australian participation in the development of Australian resources." This echoes the strongly maintained position of the Government of Timor-Leste, clearly articulated by Prime Minister Xanana Gusmão, that the Timorese people must be participating in the development of their resources. The Premier proposes onshore processing as the best option for both his state and the nation.

Besides referring to the economic benefits of onshore development Premier Barnett also warned that FLNG “could pose greater safety and environmental risks compared with conventional land-based LNG developments.” This is a point that has often been raised by the Government of Timor-Leste about the untried and untested FLNG technology. Premier Barnett revealed that it was Shell who was pushing for FLNG development for the Browse field. This is technology that Shell has invested in heavily. In the case of Greater Sunrise, of the four joint venture partners (Woodside 33.34%, Conoco Phillips 30%, Shell 26.56% and Osaka Gas 10%), it seems that it is Shell Australia who is unwilling to entertain any development option other than the one that deploys their own technology.

Revealing commercial concerns about FLNG, the Australian company BHP Billiton, one of the Joint Venture Partners in the Browse project, also weighed into the discussion. BHP Chief Executive Marius Kloppers was reported as saying that FLNG technology was still untested and that it was difficult to comment on something that does not yet exist. He did not endorse FLNG for use in the Browse project.



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BHP is concerned about cost blowouts that have hit a number of LNG projects. Timor-Leste has maintained that cost blowouts, which are ultimately a cost to the People of Timor-Leste, are a serious concern with FLNG. Consequently much talk to date about economic viability and cost margins regarding FLNG is low on fact and high on speculation.

A proposed pipeline to the processing plant for the Browse field would travel approximately 385kms. The pipeline from Greater Sunrise to the shores of Timor-Leste is anticipated to be around 230 kms. In a direct line the distance is only 150kms. Shell's argument that FLNG is for stranded fields is not applicable to the Greater Sunrise field.

It is clear from these recent statements, that Timor-Leste is not alone in expressing its concerns about FLNG and that some Government Leaders in Australia, like Timor-Leste, are willing to express their concerns when it comes to protecting and promoting the welfare of their own citizens. **ENDS**



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