Sunrise partners choose floating LNG

Resources: 29-April-10 by Rebecca Lawson

Woodside Petroleum says partners in the Sunrise joint venture have decided on a floating liquefied national gas facility rather than an onshore plant at either Darwin or Timor-Leste (East Timor).

The decision takes away valuable investment dollars for both Timor-Leste and Darwin, which had anticipated building a reported $5 billion processing facility for the operation.

The Greater Sunrise gas fields, which include the Sunrise and Troubadour discoveries, are located about 450km north of Darwin in the Timor Sea, which straddles both Australian and Timorese waters.

The fields have a combined dry gas resource of 5.13 trillion cubic feet and 225.9 million barrels of condensate.

Both the Australian and Timor-Leste governments signed an international unitisation agreement in early 2007 that required the fields to be developed to best commercial advantage consistent with good oilfield practice.

The countries had also signed a Certain Maritime Arrangements in the Timor Sea agreement, ratified in 2007, which allows the upstream royalties from the operation to be split evenly between Australia and Timor-Leste.

Recently, Timor-Leste had stepped up its campaign to host the LNG processing facility however Woodside had previously said it was not feasible on grounds of technical difficulties and the high cost involved in building an underwater pipeline over a deep ocean trench.

In a statement today, Woodside chief executive Don Voelte said after rigorous commercial and technical evaluation, the partners - Woodside, ConocoPhillips, Shell and Osaka Gas - decided a floating platform was the best option that satisfied the international unitisation agreement.

"We expect that the selection of a floating LNG processing option will, in addition to generating significant long-term petroleum revenue, provide a broad range of social investment, employment and training opportunities for Timor-Leste," Mr Voelte said.
He added that the partners will continue to work with both governments to progress the development of the fields, with the project development still needing approval from both countries.

The Sunrise floating LNG facility will use technology from Shell, which will manage the design and build phases of the project, and also operate the facility.

The facility will be Shell's second floating LNG platform following a decision last year that the company's Prelude project in the Browse basin will utilise the technology.

The Sunrise floating LNG facility is expected to produce around 4 million tonnes of LNG as well as condensate each year.

Mr Voelte had previously flagged that a floating LNG platform was the way to go in order to sidestep the Rudd government's planned carbon pollution reduction scheme.

The Woodside chief said at the time that the Sunrise operation would be the first major project that Australia would lose as a result of the scheme.

However, earlier this week, the federal government announced it would delay the introduction of the emissions trading scheme until at least 2013.

The announcement is below:

Woodside, on behalf of the Sunrise Joint Venture (JV), advises that a floating liquefied natural gas (LNG) facility has been unanimously selected as the preferred processing option for Greater Sunrise gas.

The Greater Sunrise fields, which include the Sunrise and Troubadour discoveries, are located about 450 km north of Darwin. The fields, which have a total contingent dry gas resource of 5.13 Tcf and 225.9 MMbbls of condensate, are partly located in a Joint Petroleum Development Area (JPDA) administered by the governments of Timor-Leste and Australia.

Woodside Chief Executive Officer Don Voelte said that the International Unitisation Agreement (IUA) signed by the governments of Timor-Leste and Australia in February 2007 required the Sunrise JV to develop the Greater Sunrise fields to best commercial advantage consistent with good oilfield
practice.

"Following an extensive and rigorous commercial and technical evaluation of the various development options available to the Sunrise JV including building onshore processing plants at Darwin and in Timor-Leste, a floating LNG processing facility best satisfies the key development requirements outlined by the IUA," Mr Voelte said.

"We expect that the selection of a floating LNG processing option will, in addition to generating significant long-term petroleum revenue, provide a broad range of social investment, employment and training opportunities for Timor-Leste."

Mr Voelte said the Sunrise JV participants would continue to work with both the Australian and Timor-Leste authorities to progress the development of the Greater Sunrise fields.

The Sunrise JV participants include Woodside (Operator) which has a 33.4% interest, ConocoPhillips (30%), Shell (26.6%) and Osaka Gas (10%).

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