

Extension of gas pipeline to preserve Kimberley

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The influential owners of the Dampier-to-Bunbury gas pipeline want to extend the key infrastructure to Derby as part of an alternative \$1.5 billion to \$2.5 billion proposal to the State Government's Kimberley LNG hub proposal.

Arguing that its plans are more environmentally friendly, the Derby-to-Dampier pipeline (DDP) consortium has also proposed that liquefied natural gas (LNG) processing trains be built in industrial estates in the Pilbara, instead of the pristine Kimberley.

The shifting of the LNG trains to the Pilbara, the consortium argues, would substantially reduce the overall project cost for gas companies such as Woodside, which are considering building trains for their Browse Basin gasfields along the Kimberley coast between Broome and Derby.

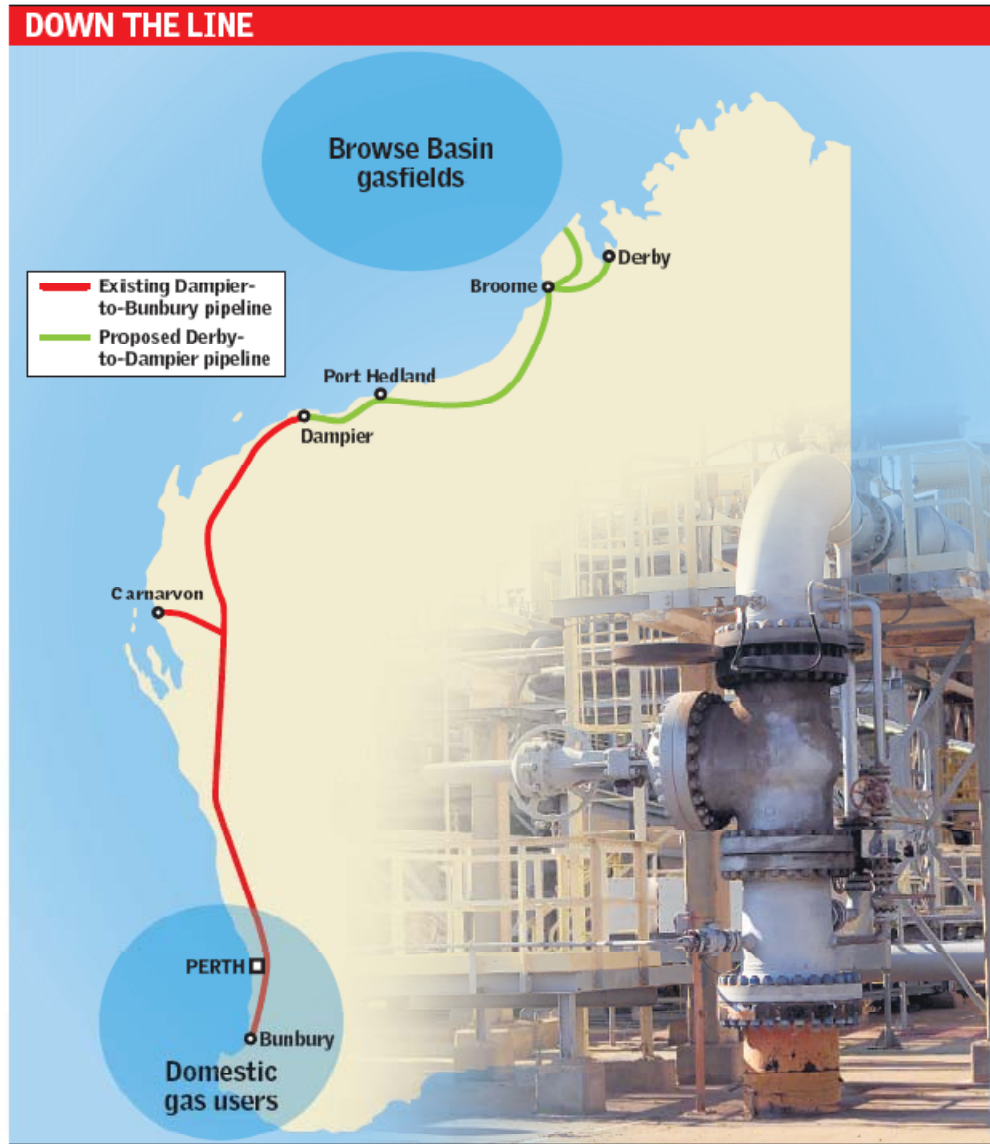
The DDP consortium comprises WA's biggest gas user Alcoa, Macquarie Bank, AMP Capital and explorer Buru Energy.

Although its proposal is likely to be welcomed by Kimberley environmental groups, the consortium has struggled to gain the support of the WA Government while interest from gas companies is also understood to be limited.

"All we have received is a note of thanks for the submission," a consortium source said yesterday of the Government response.

Unlike the conventional model of piping gas from the offshore Browse Basin fields to onshore trains along the Kimberley coast, the consortium proposes to build only a small gas plant in the Kimberley, attached to a pipeline linking the region to Dampier.

The Browse gas, or from discoveries in the nearby onshore Canning Basin, would then be piped to the Pilbara, where most of it would be converted into LNG at either Port Hedland or on the Burrup Peninsula and the remaining



SOURCE: DERBY TO DAMPIER PIPELINE CONSORTIUM

amount of gas fed into the WA domestic market.

The consortium argues the proposal would also provide a much needed second source of gas for the WA market, which is still reeling from last year's Varanus Island plant explosion which wiped out 30 per cent of the State's supply.

Under the consortium's financing proposal, gas companies as well as

end users like Alcoa would need to fund the pipeline and associated infrastructure. Alcoa is already a foundation customer and big shareholder of the Dampier-to-Bunbury pipeline.

Japan's Inpex, which owns one of the biggest gasfields in the Browse Basin, is already committed to developing its onshore plant in Darwin.

Royal Dutch Shell is likely to pursue a floating LNG plant option, leaving only Woodside, which is yet to decide whether to push for a Kimberley plant or build a subsea pipeline to the Burrup and feed the gas into its existing North West Shelf or Pluto operations.

Woodside expects to settle on its Browse Basin development choice by the end of June.