

Woodside Commits To Domestic Gas Reservation Policy

Western Australian Premier Alan Carpenter has welcomed a decision by Woodside to commit to the state government's controversial domestic gas reservation policy.

The Woodside board confirmed the arrangement when announcing its decision to invest \$1.4 billion in the Pluto Liquefied Natural Gas (LNG) development off the Pilbara coast. The domestic gas deal was finalised early December in an exchange of letters between Carpenter and Woodside's Managing Director and Chief Executive Officer, Don Voelte.

"Securing natural gas reserves for WA consumers is critical to our State's long-term economic future", Carpenter said. "I thank Mr Voelte for his support on this very important matter and welcome Woodside's investment in another exciting new gas development off WA."

Under the terms of the Pluto domestic gas arrangement, Woodside has agreed to market

and sell the equivalent of 15% of the project's produced LNG to the WA energy market, providing it is commercially viable.

Carpenter said Woodside and the state government will negotiate in good faith an appropriate test of commercial viability. "The commencement date of the commitment will occur five years after the date LNG is first exported from Pluto, or the date on which the 30-millionth tonne of LNG produced at the Pluto site is exported", he said.

"I fully support and promote the LNG export industry and what this deal has demonstrated is that gas producers can reserve gas for both export and domestic use. It also demonstrates that the state's 15% domestic gas reservation policy is realistic and achievable."

Woodside is due to make its final investment decision by the middle of next year on the project, estimated to cost \$6 - \$10 billion. ■