

ARC Probes Domestic LNG Potential For WA

ARC Energy (ARC) and Hong Kong-based integrated energy company, Energy World Corporation (EWC), have entered into a memorandum of understanding to develop an LNG business focused on the domestic Western Australian gas market.

ARC Managing Director, Eric Streitberg, said ARC is embarking on a regional exploration drilling programme in the Canning Basin which will be targeting both oil and gas. "The discovery of commercially viable gas reserves in the Canning Basin would have the potential to transform the domestic gas supply situation in Western Australia", he said.

EWC is a developer of modular LNG facilities and marine transport systems. The alliance partners believe that the threshold economic size and time to market for commercialisation of gas reserves in the Canning Basin could be substantially reduced by the combination of ARC's upstream operational and exploration skills and EWC's innovative LNG systems.

Streitberg said the alliance will initially investigate the feasibility of the production and marine shipment of LNG from the

Canning Basin to markets in the Pilbara and the southwest of Western Australia. "Such a system has the potential to dramatically reduce the time and cost of getting gas to market from any discoveries in the Canning Basin", he said. "The impact on WA's domestic gas supply situation could be dramatic."

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He said EWC had demonstrated its ability to think outside the square in ways that ARC values and encourages. "Our Canning Basin exploration programme, although high risk, has the potential to find large oil and gas accumulations and as always in ARC we are seeking ways to monetise any discoveries as quickly and cheaply as possible", he said.

"We are also very focused on helping to find a solution to the domestic gas problem in Western Australia in a way that benefits both the state and our shareholders."

EWC Chairman and Managing Director, Stewart Elliott, said the competitively priced modular LNG technology being developed by EWC for its Sengkang gas field developments in Indonesia can be readily utilised for the WA gas business.

"The alliance with ARC is a good opportunity for us to expand our business in Australia where we have already announced plans to commercialise EWC-owned gas reserves in Queensland by developing modular LNG plants with a capacity of 10,000 t per annum adjacent to both the Eromanga and Gilmore gas plants", Elliott said.

"A successful development onshore on the west coast of Australia would further underpin and strengthen our Australian operations. Combining our skills with ARC's has the potential to add significant value all round." ■