



## Gorgon Awakening At Last ?

Posted by [Big Gav](#) on August 18, 2009 - 5:23am in [The Oil Drum: Australia/New Zealand](#)

Topic: [Supply/Production](#)

Tags: [australia](#), [gorogn](#), [lng](#), [natural gas](#) [[list all tags](#)]

The Age reports that the Exxon has signed up its first customer for LNG from the Gorogn field off WA, with India's Petronet LNG signing a 20-year agreement to take gas from the project ([First Australia-India long-term LNG deal reached](#)).

Under the agreement, Exxon will supply about 1.5 million tonnes per annum from its 25% share of LNG from the project over 20 years (the project as a whole will produce 15 million tonnes a year) - the gas will be delivered to Petronet's new LNG terminal under construction at Kochi in southern India.

WA Environment Minister Donna Faragher has given final environmental approval for the proposed development on Barrow Island, removing one of the remaining obstacles to construction ([Green light for Gorgon in time for lucrative deal](#)), and the local press is already reporting on some of the activity required to support the construction of the project ([Hercules to airlift Gorgon materials](#)).

Federal Environment minister Peter Garrett also needs to approve the project, though given his recent stance on large scale energy developments he seems unlikely to oppose it ([Chevron set to go ahead with big gas project](#)). The Australian reports the project partners are aiming to tick off on developing Gorgon in mid-September. If approved, Gorgon will be the largest Australian resources project and, as federal Resources Minister Martin Ferguson has pointed out, will provide a greater investment than the Rudd government's \$42bn stimulus package.

Annual sales from Gorgon would be worth around \$12.5bn at current prices and would boost the nation's mineral and energy revenues by 10 per cent, based on government export forecasts for this year (as I've noted previously if all of [Australia's proposed gas developments](#) proceed - especially if we include [coal seam gas](#) - we'll have to be wary of the "dutch disease").

The Gorgon plant will have three 5 million tonnes a year LNG trains and will produce LNG using the 40 trillion cubic feet of gas in the two Greater Gorgon fields.

The fields, Gorgon and Io/Janz, contain Australia's biggest gas reserves and are expected to support the project, which will start production in 2014 and ramp up to full output 18 months later, for more than 40 years.

The strangest and most unsettling aspect of the project is that the federal government and WA state government will bear the costs for any problems related to sequestration of carbon dioxide from the project in future years, which seems like a spectacularly risky bet for taxpayers over the long run - ([Gorgon deal on carbon](#)).

In other Australian gas news, Gas Today has a report on the various projects under consideration further north in the Browse Basin ([Browsing gas fields](#)).

And the UK Daily Telegraph has a report on Shell's bid the purchase the rest of coal seam gas

Gas Today also has a look at the wisdom of exporting LNG in such large quantities over the long term and what this means for local gas consumers ([Are we exporting our energy future?](#)).



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).