16 July 2002

Sunrise gas customers meet Minister in Sydney


Representatives from nearly 20 companies and organisations attended the meeting for a progress report on the joint Territory Government and business campaign to get the Sunrise gas onshore.

Joint developers of the 8.4 trillion cubic feet Sunrise gas field, Shell, Woodside, and Phillips Petroleum, are currently re-examining the case for bringing the gas onshore to Darwin via pipeline. It could then fuel industrial expansion in the Territory, and be piped elsewhere in Australia to meet domestic customers’ needs.

The other option, one that Shell and Woodside have indicated they prefer, is for a floating barge to convert the gas to liquids (LNG) onsite in the Timor Sea. The resource would then be exported directly to North American markets.

Potential gas customers discussed strategies for ensuring the floating LNG option is not taken up by the joint developers.

"The meeting emphasised the importance of a new source of supply to the markets of NSW, Victoria and South Australia," Minister Henderson said, after the meeting.

"Again and again potential customers emphasised the fallacy of the arguments put by some economists that supply and demand are in balance in the market. They said if this was the case why are prices for future contracts 40 percent greater than existing contracts.

"Consumers in southern Australia are going to have to get used to higher prices if another source of supply is not made available. Our view is that Sunrise is not only the answer for the southern market but also provides nation-building opportunities for northern Australia.

"When you add this to the national interest case in terms of thousands of jobs, a huge increase in GDP and improvement in our balance of trade, it is essential that we bring the gas to shore."

The participants agreed to get together again in a few weeks to review progress in their negotiations with the Sunrise joint venturers.