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HD **Papua New Guinea LNG project reaches full capacity: Santos**

WC 478 words

PD 21 August 2014

SN Platts Commodity News

SC PLATT

LA English

LP

Sydney (Platts)--21Aug2014/1101 pm EDT/301 GMT

The Papua New Guinea LNG project, which started up ahead of schedule in April this year, has been operating at full capacity since late July, part holder Australia's Santos said Friday.

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The project comprises two production trains, the second of which started up in May, located at a site near the PNG capital of Port Moresby. The project cost US$19 **billion** to develop and has a total capacity of 6.9 **million** mt/year.

Santos holds a 13.5% **stake** in PNG LNG, which is operated and owned 33.2% by ExxonMobil . The other joint venture partners are PNG-based **Oil** Search (29%), the National Petroleum **Company** of PNG (16.6%), Japan's JX Nippon **Oil** & Gas Exploration (4.7%), local landowner **company** MRDC (2.8%) and state-owned Petromin PNG Holdings (0.2%).

Around 95% of the project's LNG capacity is covered by long-term contracts, set to begin later in 2014. The project's term customers are **China**'s Sinopec, Japan's Tepco and Osaka Gas , and Taiwan-based CPC.

The joint venture partners are eyeing the potential to add a third LNG production train at their liquefaction facilities. The partners are looking to expand the reserves base in the project's Hides field and are also planning to develop the nearby P'nyang gas resource.

The first output from PNG LNG contributed to Santos' first-half production of 25 **million** barrels of **oil** equivalent, up 2% from 24.5 **million** boe a year ago. The **company**'s guidance for the full year remains unchanged at between 52 **million** boe and 57 **million** boe.

Santos Friday reported a net profit of A$206 **million** (US$192 **million**) for the half year ended June 30, 2014, down 24% from A$271 **million** in the corresponding period of 2013. Underlying net profit rose 3% to A$258 **million**, from A$251 **million** previously, on a 25% increase in sales revenue to a record A$1.9 **billion**.

The rise in revenue was driven by increased crude **oil** and LNG sales volumes and higher **oil** and gas prices, offset by a previously announced non-cash impairment of the **company**'s Indonesian coalseam gas assets, and higher cost of sales, exploration expense and net finance costs, Santos said.

Santos' 7.8 **million** mt/year coalseam gas-based Gladstone LNG project is now more than 85% complete and on track to start up in 2015, the **company** said. GLNG is currently within its budgeted capital cost of US$18.5 **billion** from final investment decision to the end of 2015, when the second train is expected to be ready for startup, Santos added.

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CO cpetc : China Petroleum and Chemical Corp (Sinopec Corp) | ptpng : Petromin PNG Holdings Ltd | sants : Santos Ltd | chpc : China Petrochemical Corp

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | iexplo : Natural Gas/Oil Exploration | iextra : Natural Gas/Oil Extraction | iioil : Integrated Oil/Gas

NS c24 : Capacity/Facilities | c11 : Plans/Strategy | ccat : Corporate/Industrial News

RE papng : Papua New Guinea | austr : Australia | sydney : Sydney | apacz : Asia Pacific | ausnz : Australia/Oceania | dvpcoz : Developing Economies | nswals : New South Wales | pacisz : Pacific Islands

IPD 0100

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AN Document PLATT00020140822ea8l000b6

