## **LNG DAILY**

SE Lead Stories

HD Browse loses Mitsubishi-Mitsui SPA

BY Son Yen Ling and Mriganka Jaipuriyar

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Woodside Petroleum said Thursday that a 2012 deal to sell LNG from the Browse project in Western Australia to Mitsubishi and Mitsui's Japan Australia LNG joint venture MIMI has lapsed because of a failure to reach a final investment decision.

MIMI had agreed to buy 1.5 million mt/year of LNG from the Browse project in April last year under a sales and purchase agreement in conjunction with its acquisition of a 14.7% equity stake for \$2 billion.

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The deal also included an agreement for Woodside and MIMI to jointly market co-mingled LNG volumes to Asia, primarily to Japanese customers.

In a filing to the Australian Securities Exchange, Woodside said: "The SPA was conditional upon a final investment decision on Browse being taken by 31 December 2013."

"As a result of the Browse joint venture participants deciding not to proceed with an onshore development and to enter basis of design for a floating LNG development concept, both parties recognize that this condition [of achieving FID] will not be satisfied. Consequently, MIMI has today given Woodside notice terminating the SPA," the Australian company said.

The joint marketing agreement still remains, Woodside said, adding that it is also in discussion with other regional customers regarding potential LNG sales.

In April, Woodside ruled out building an onshore liquefaction plant for its Browse gas at a site backed by the Western Australian state government at James Price Point. Woodside is now doing basis of design studies for a floating liquefaction plant for its offshore Browse fields.

FID now planned by mid-2015

Woodside leads the Browse joint venture with partners Shell, BP, PetroChina, Mitsui and Mitsubishi. The Australian **company** is now targeting an FID on the FLNG project by mid-2015.

Woodside CEO Peter Coleman said last month that he expected early cost estimates for the Browse FLNG project to be available in the first or second quarter of 2014. The development would use technology developed by Shell, which is now building its first FLNG facility for the Prelude field in the Browse Basin.

The Browse project is expected to comprise two or three FLNG facilities, each with capacity of 3.6 million mt/year (168.12 Bcf/yr or 4.76 billion cubic meters/yr of gas). The Browse resource totals 15.5 Tcf (438.96 Bcm) of gas and 417 million barrels of condensate, held in the offshore Torosa, Calliance and Brecknock fields.

Coleman has previously said the FLNG option would be 30% to 50% cheaper than an onshore James Price Point plant over the life of the Browse fields.

Speaking at the World Energy Congress in Daegu, South Korea, in November, Coleman said Woodside was set to start marketing negotiations for Browse gas ahead of FID.

"The advantage on Browse is that it's pretty much just a Woodside decision, because ... two of [the partners] are portfolio players, being BP and Shell, so they'll need to make their own decision. Mitsui and Mitsubishi are trading houses, and PetroChina will likely run [the LNG] into their own operations in China." he said.

"The actual marketing risk we see is fairly low because it's pretty much us ... . The good part about it is each player will be able to actively market its own gas."

Son Yen Ling and Mriganka Jaipuriyar

- co mimi : Japan Australia LNG (MIMI) Pty Ltd | wodpet : Woodside Petroleum Ltd | mtsui : Mitsui & Co Ltd | mtsubc : Mitsubishi Corp
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