

**HD** **UPDATE: Mitsubishi, Mitsui scrap LNG SPA from Woodside's Browse project**

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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.

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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**.

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.

FID BY MID-2015

Woodside in April ruled out building an onshore liquefaction facility to process its Browse gas at a site backed by the Western Australian state government at James Price Point. Woodside is currently undertaking basis of design studies for a floating LNG development for its offshore Browse fields.

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

Woodside CEO Peter Coleman said last month that he expected early costings for the Browse FLNG project to be available in the first or second quarter of 2014. The development would utilize technology developed by Shell, which is currently 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 a capacity of 3.6 **million** mt/year. The Browse resource totals 15.5 Tcf 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 project over the life of the Browse fields.

Speaking at the World **Energy** Congress in Daegu, South Korea, in November, Coleman said that Woodside is set to get marketing negotiations for Browse gas underway 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**," the Woodside boss 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."

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**CO** mimi : Japan Australia LNG (MIMI) Pty Ltd | wodpet : Woodside Petroleum Ltd | mtsbuc : Mitsubishi Corp  
| mtsui : Mitsui & Co Ltd | rnlp : Royal Dutch Shell PLC

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