

HD **ExxonMobil sees PNG LNG exports starting mid-year, below \$19 bln budget**

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PERTH, April 9 (Reuters) - ExxonMobil Corp is on track to start exporting liquefied natural gas from Papua New Guinea by mid-year, ahead of schedule and below its \$19 **billion** budget, the manager of the PNG LNG project said on Wednesday.

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The project has started commissioning a gas conditioning plant in PNG's highlands, where the gas is drilled, a 292 kms (180 miles) onshore pipeline has been completed and the first of two units at the LNG plant is ready, project manager Decie Autin said.

First cargoes are expected mid-year, she said, declining to confirm reports that exports would start in July.

"It was going to be October. Now we think we've been able to move it up to the middle of the year," Autin told reporters on the sidelines of the Australian Petroleum Production and Exploration Association conference in Perth.

"By the end of the year I'm comfortable we'll be fully ramped up."

The project, under construction over the past five years, ran into record wet weather, steep terrain and community issues that slowed work and resulted in costs blowing out by about 25 percent from its original budget of \$15 **billion**.

"The toughest part of the project I would tell you was the onshore pipeline," Autin said. "We had to go from 9,000 feet, up and down a tortuous path down to the shore."

The pipeline was built above ground then had to be covered with 1 metre (3 feet) of dirt to bury it for safety and security.

"This is high pressure gas pipe. You don't want anyone messing with it, because it would be dangerous," Autin said.

The first shipment is likely to be a spot cargo, rather than going to one of PNG LNG's Japanese, **Chinese** or Taiwanese customers, who have contracted to take 95 percent of the LNG plant's 6.9 **million** tonnes a year of gas.

ExxonMobil and its partners, **Oil** Search Ltd, Santos Ltd, Japan's Nippon **Oil** Corp, the PNG government and local landowners, are looking to expand the plant, but have yet to decide where to source the additional gas supply from.

Ideally they want gas from PNG's biggest undeveloped fields, Elk and Antelope, controlled by another PNG **company**, InterOil Corp and France's Total SA, which recently bought into the fields in a deal contested by **Oil** Search.

"We've been in discussions with them (InterOil) directly," Autin said, declining to comment on whether ExxonMobil still wants a direct **stake** in the Elk and Antelope fields.

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