

OFFSHORE LNG AND METHANOL PLANS GAIN FEDERAL SUPPORT

THE potential development of innovative offshore LNG and methanol plans has been boosted by a decision by the Federal Government to grant Major Project Facilitation (MPF) status to its two major gas projects in the waters of the Timor Sea.

MEO Australia Limited (formerly Methanol Australia Ltd), managing director Chris Hart, said the decision by the Minister for Industry, Tourism and Resources, Ian Macfarlane, to grant MPF to the Timor Sea LNG Project and the Tassie Shoal Methanol Project would help speed the projects' development.

"MPF had originally been granted to the Tassie Shoal Methanol Project in December 2001. The new MPF grant not only renews this, but has included the proposed LNG Project. This is further recognition of the importance of these developments to Australia and the Northern Territory," he said.

"Importantly, both projects have also received their Commonwealth environmental approvals," Mr Hart said.

The Timor Sea LNG Project and the Tassie Shoal Methanol Project involve development of gas accumulations in the region, including the Epenarra gas discovery in the exploration permit area awarded in 2004 to MEO Australia Limited.

"These projects will further develop Australia's valuable petroleum resources and serve the rapidly expanding markets in the Asia Pacific region," Mr Macfarlane said.

"Australia also has lower sovereign risk and is highly competitive compared with other LNG-producing countries," Mr Macfarlane said.

"MEO Australia Limited proposes to use advanced engineering concepts including the world's first offshore LNG production and loading facility. The LNG and methanol production facilities could also act as a hub to encourage the development of stranded gas discoveries in adjoining fields."

Mr Macfarlane said the LNG project and the adjoining methanol project would share common infrastructure on Tassie Shoal, a shallow area in the Bonaparte Basin, about 275 km north of Darwin.

"The new offshore facilities are expected to produce about three million tonnes of LNG a year and about 5000 tonnes of methanol a day," Mr Macfarlane said.

"As well as providing a boost to Australia's exports, the projects offer considerable scope for economic benefits to Darwin.

"Each project will generate approximately 500 local jobs during the construction phase. Both are expected to create approximately 110 ongoing jobs when they are operational."

Mr Macfarlane said MPF status meant the Australian Government's inward investment agency, Invest Australia, would work with MEO Australia Limited to progress the projects through the approvals process and identify relevant government programs that may assist the projects.

NAME CHANGE

Methanol Australia Limited has received shareholder approval to change its name to MEO Australia Limited.

MEO Australia managing director, Chris Hart, said the name change was necessary because the company now had a broader focus to its projects.

"The manufacture of methanol is no longer the sole focus of the company. The company has expanded its focus to include exploration and appraisal of its 100 per cent owned Exploration Permit, NT/P68 as well as the development of an offshore LNG production facility. We now can see the possibility of significant natural gas and condensate production from NT/P68," Mr Hart said.

The company intends drilling up to three wells in NT/P68 beginning in the third quarter of this year.

Mr Hart said that the permit area showed considerable promise with the potential for significant liquids rich gas. A well in the permit area drilled by Arco in 1972 (Heron-1) intersected a 50 m gas bearing zone in a fractured carbonate section of the Darwin formation.

This zone has an estimated mapped closure of 1200 sq. km and has been named Epenarra.

MEO has engaged an independent consultant, Dr Geoffrey O'Brien, to undertake a study focused on determining the likely wetness of the hydrocarbon gases detected by Heron-1.

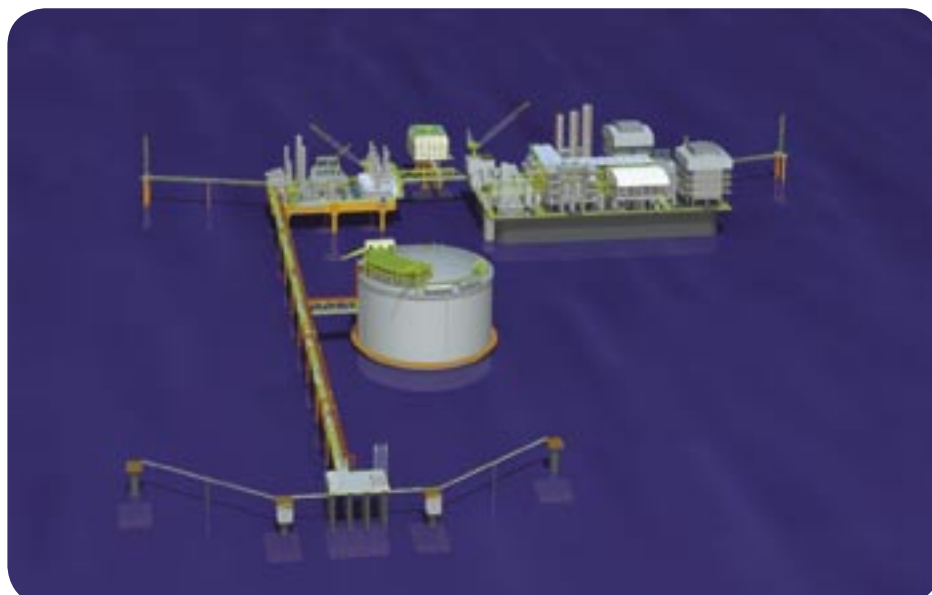
Mr Hart said the results of the basin modelling supported the view that Epenarra's gas contained significant quantities of condensate.

New 2D and 3D seismic has also been acquired in the permit and processing is nearing completion."

The new seismic data will be utilised to help determine the optimum well locations for the planned 2007 drilling programme.

The Seadrill West Atlas jack-up drilling rig has been secured to drill the MEO wells later in the year. The rig is due to be delivered to the Heron-2 location in late August 2007.

"In addition to the planned three well drilling program, MEO continues to advance its two GTL production projects (LNG and methanol), which have both secured Commonwealth environmental approvals," Mr Hart said. ■



Artist's impression of MEO's offshore LNG concept.