



Exxon Mobil's PNG LNG project starts production ahead of schedule

By Jemima Garrett

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Exxon Mobil has announced its \$19 billion liquid natural gas project in Papua New Guinea has begun production ahead of schedule.

The company's PNG LNG project has been six years in the making and is expected to boost the Pacific nation's economic growth to over 20 per cent in 2015.

Gas is being piped more than 700 kilometres from the PNG highlands to a processing plant near the capital, Port Moresby.

The early start means the first cargo will be shipped to customers in Asia before mid-year.

Production will ramp up progressively with the plant's second processing train expected to start in the next several weeks.

Peter Botten, managing director of Oil Search, the project's junior partner, says the start of LNG production ahead of schedule is "excellent news".

It "represents a transformational milestone for both Oil Search and Papua New Guinea", he said in an announcement to the Australian Stock Exchange.

Oil Search expects its 2014 production to be up by 1.5 million barrels to between 14.5 and 17.5 million barrels of oil equivalent (mmboe).



PHOTO: ExxonMobil began construction on the project in PNG's Southern Highlands in 2010.
(Lloyd Jones: AAP Image)

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MAP: Papua New Guinea



PNG serving Asia markets

The start of shipments to customers in Japan, South Korea and Taiwan marks PNG's emergence as a gas producer for Asia.

The Exxon Mobil gas project is PNG's biggest ever development and its first LNG project.

"The project is optimally located to serve growing Asia markets where LNG demand is expected to rise by approximately 165 per cent between 2010 and 2025, to 370 million tonnes per year," said Neil W. Duffin, president of ExxonMobil Development Company.

A second major gas project is being developed in PNG by Canada's Inter-Oil and Total of France.

Australia's Horizon Energy and Japan's Osaka Gas are developing the third project known as the Stanley gas project.

Exxon Mobil's PNG facility has the capability to produce 6.9 million tonnes of LNG a year.

"Project revenue and profitability are underpinned by long-term LNG sales contracts covering more than 95 per cent of the plant's capacity," Mr Duffin said.

Exxon Mobil has previously said it is considering expanding the project with a third, fourth or even fifth processing plant.

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