

# BP refining gas plans

BP is planning to drill its first well in WA in decades next year as it hopes to develop a Carnarvon Basin portfolio.

## BP in the Carnarvon Basin

WA 525 P: BP 100%

WA 535 P: BP 100%

WA 409 P: BP 80%, Cue 20%

WA 359 P: BP 42.5%, Cue Energy Resources 21%, New Zealand Oil & Gas 15%, Beach Energy 21%

**TAKING SHAPE:** Emil Ismailov is leading BP as the North West Shelf Venture approaches a crucial time. Photo: Gabriel Oliveira

## Matt McKenzie

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FOR a business as heavily involved in Western Australia's oil and gas industry as BP, it may come as a surprise to learn that the UK-based multinational has not drilled a well in the state for about three decades.

That is set to change in 2020, however, with BP to drill the Ironbark prospect in the Carnarvon Basin, according to managing director exploration and production for upstream Australia, Emil Ismailov.

Having entered WA in 1919, BP has recently taken positions in four licences in the basin (see table), including Ironbark (WA 359 P), as it withdrew from more controversial tenements in the Great Australian Bight.

"We're coming to that natural point ...the competitive advantage of an exploration portfolio in WA is very much coming back on the table," Azerbaijan-born Mr Ismailov told *Business News*.

"Over the past two years we've been reshaping our exploration strategy in Australia.

"We made a shift of focusing on Carnarvon Basin exploration, we think it's the competitive exploration (option), it's advantaged with all the facilities in the neighbourhood."

The local portfolio stood up well against competition from other jurisdictions for BP's capital, he said.

By contrast, there was community pressure against the industry's presence in the bight.

Mr Ismailov said the permits were close to the existing North West Shelf Venture LNG processing facility at Karratha, where BP was a 16.7 per cent partner.

If the well lives up to expectations, it would be the first step of a much larger BP campaign in the basin, he said.

"We're optimistic about the play itself, the geological play, and equally upbeat about the potential for bringing that gas into the market," Mr Ismailov said.

"There's a lot of work to be done in the build up – obtaining necessary permits, working with the state agencies on mak-

ing robust environmental planning, securing the rig."

The Karratha facility will have a growing excess capacity in the next decade as existing fields are depleted.

But Mr Ismailov stressed he did not feel there was a contest to grab that capacity, with equity holders such as Chevron seeking to develop projects like Clio-Acme.

"If you step back and look at the Carnarvon Basin, the one thing that strikes you is the wealth of LNG facilities built," he said.

"I don't see it as a race.

"Beyond the five-year horizon, you probably will see the need for the gas.

"There's a place for Chevron discoveries, there's a place for Woodside discoveries, and we're hoping to add to that."

Probably the most notable project intended to fill Karratha capacity is Browse, with gas to be piped 900 kilometres to the site.

Browse is operated by Woodside Petroleum (30.6 per cent equity), while BP has a 17.3 per cent stake.

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–Emil Ismailov

That puts the two companies, together with Shell (27 per cent) and Japan Australia LNG (14.4 per cent), on both sides of the transaction.

Other parties include BHP and Chevron, with 16.7 per cent slices of North West Shelf, and PetroChina, with a 10.7 per cent piece of Browse.

Last year, Woodside revealed

the two ventures had come to a strategic alignment in what was a watershed moment for a project that has been talked about for decades.

Mr Ismailov said lots of work remained before the the arrangement was finalised, but the Browse project was globally competitive as a gas development.

"It's obviously challenging," he said.

"But I think at the very strategic level, I do believe we have an alignment among North West Shelf partner groups on transforming (Karratha) into a genuine infrastructure hub.

"At that level, 2018 was a breakthrough year.

"(The) commercial terms need to be agreed and negotiated, and we're working on that.

"But to me, once you achieve strategic alignment, it's almost half of the battle.

"We're quite optimistic that we'll get there."

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