



# Gorgon Project Update

Issue 17 - October 2008

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Operated by **Chevron Australia**  
in joint venture with

**ExxonMobil**



“Gorgon is a massive project which will deliver major benefits to the state and the nation and whose time has come. The partners are aligned and committed, the contractors are well organised and the operator wants to engage with local business and industry,”

## Gorgon’s time is NOW

Gorgon is no longer a project whose time will come - Gorgon is a project whose time is now.

This was the message from Greater Gorgon Area General Manager Colin Beckett at a briefing to local suppliers on the 12 August 2008. The event, which was co-hosted by Industry Capability Network WA’s (ICNWA), was attended by more than 200 people from around 100 local suppliers.

Following the supplier briefing Mr Beckett also confirmed to media that the Gorgon Joint Venturers had recently committed an additional A\$1 billion in funding for the progression of the Gorgon Project through to next year.

This funding is the largest single commitment to date and allows the Project to move forward with key activities leading to a Final Investment Decision (FID).

“There is a real sense of energy flowing through the Gorgon Project participants and team and a determination to deliver on the development of this world-class resource - clearly Gorgon’s time is now,” Mr Beckett said.

Mr Beckett said the funding would enable the Gorgon Project to continue ramping up its teams and move forward with the approvals process for the third LNG train.

“We will also be finalising front end engineering and design (FEED) for the three-train, 15MTPA Project and domestic gas proposal and commencing some detailed engineering.

“The finding also enables us to invest in a number of pre-FID commitments and build on our recent strategic moves to secure supply bases in Perth and Dampier to ensure we can be ready for an immediate and effective work start once relevant approvals are in place.”

Mr Beckett said a Final Investment Decision for the Gorgon Project was expected after the completion of FEED and after environmental approval had been received from the State and Federal Government for the Gorgon Project’s third train proposal.

### New contracts

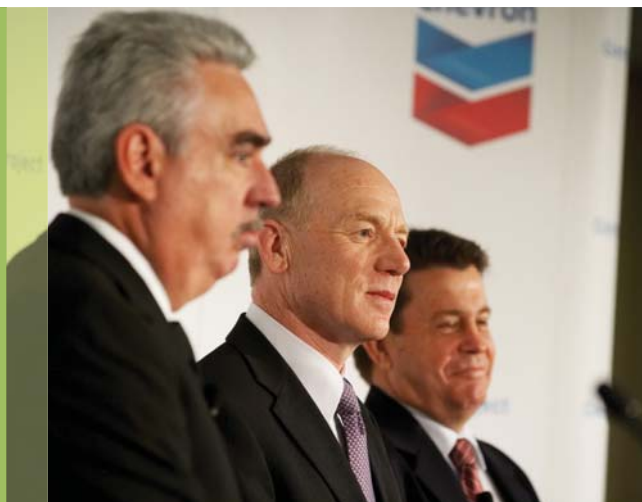
“With this funding, contracts valued at more than \$300 million will also be signed in the near future. In addition we will also be issuing further invitations to bid and contracts that will run into the billions of dollars,” Mr Beckett said.

The Gorgon Project has also recently requested tenders from a number of qualified suppliers for the provision of a range of services and equipment to support the development of the Gorgon Project. This includes pipeline and cable supply and installation as well as rock supply and installation.

The Gorgon Project is utilising the vendor identification services of the Industry Capability Network of Western Australia (ICNWA) to provide qualified information on Australian suppliers.

Visit the ProjectConnect website at [www.projectconnect.com.au](http://www.projectconnect.com.au) and select "Gorgon" in the Quick Find tool for all supply opportunities.

To review the presentations that were provided at the 12 August briefing, please go to the Gorgon Project website at [www.gorgon.com.au](http://www.gorgon.com.au)



Gorgon Project management Scott Young, Colin Beckett and Rick Robertson take questions at the August 12 briefing

## Gorgon to deliver early domestic gas

Greater Gorgon Area General Manager Colin Beckett said a proposal on domestic gas supply will now be submitted at the same time as the Project's overall development proposals.

Mr Beckett said the proposal represents an important change in the Project scope, not just for the Gorgon Joint Venture participants but for the people of Western Australia.

"Bringing on Gorgon's domestic gas phase earlier will increase the number of supply points for domestic gas into WA," Mr Beckett said.

"We see Barrow Island providing another physical hub for domestic gas production, thereby improving the State's security of gas supply.

"The Gorgon Project is going to play an important role supplying Western Australia's future energy needs."

Under the Barrow Island Act the Gorgon Project is required to submit a domestic gas proposal by 31 December 2010.

"However, we are fast-tracking our consideration of a domestic gas phase and will be formally submitting our domestic gas proposal late this year or early 2009," Mr Beckett said.

"The solution proposed by the Gorgon Joint Venture participants will provide the progressive supply of up to 300 terajoules per day of domestic gas with delivery starting at or around ready-for-start up of the Project's third LNG train."

"The Gorgon Project is going to play an important role supplying Western Australia's future energy needs."



As the Project progresses through construction and operation it has the potential to deliver a significant economic boost, creating thousands of jobs and generating billions of dollars in taxes and royalties for use on roads, schools and hospitals.

## Gorgon - a giant among megaprojects

New extensive economic modelling conducted by an independent third party - ACIL Tasman - has confirmed that the Gorgon Project will be Australia's largest resource development

Most importantly, the new modeling has also shown that the economic benefits from the project will continue long after initial construction has been completed.

Previous economic modelling conducted in 2003 focused on national impacts while the new modelling has considered national, state and regional impacts as well as consequential social impacts including technology transfer, local content and employment impacts.

To date around A\$1 billion has been spent by the Gorgon Joint Venture in exploration, planning, feasibility studies and front end engineering and design (FEED). The Gorgon Joint Venturers have also just recently committed an additional A\$1 billion in funding for the progression of the Gorgon Project through to next year.

As the Project progresses through construction and operation it has the potential to deliver a significant economic boost, creating thousands of jobs and generating billions of dollars in taxes and royalties for use on roads, schools and hospitals.

The massive infrastructure and investment required for Gorgon will also provide the stimulus to transform Western Australia into a regional and global petroleum service hub.

The development of new technologies and skills for the project, such as carbon dioxide injection and subsea developments, will also establish Western Australia as a global centre of excellence in new areas of expertise.

### Key economic findings

Benefits expected to flow from the Gorgon Project based on a 30 year, 15 million tonne per annum, three train development include:

- Peak construction employment in Western Australia of around 6,000 with more than 3,500 direct and indirect jobs sustaining throughout the life of the Gorgon Project
- Australia's Gross Domestic Product (GDP) to be boosted by A\$64.3 billion
- WA's Gross State Product to increase by 3.9%
- Locally purchased goods and services (local content) of A\$33 billion
- Government revenue of about A\$39.8 billion



## Gorgon - a giant among megaprojects (cont.)

### Skills

The thousands of people employed directly on Gorgon during construction and operations will gain skills that, over time, will be applied to other projects and across the economy.

### Services

Gorgon will provide scope for WA petroleum industry service firms to expand and develop their capabilities. Gorgon will also offer continuity of business as activity on other current projects reduces.

The experience gained will also enhance the ability of WA service providers to win similar work on other developments and build WA's capability to bring LNG projects on-line.

### Local content

Gorgon is committed to providing full, fair and reasonable opportunity for Australian industry to supply goods and services and is working hard to ensure that local content opportunities for local contractors are realised.

More than A\$33 billion is expected to flow to Australian businesses from Gorgon over the first 30 years of operation and construction of a 15 MTPA, 3 train project.

### Technology

The application of CO<sub>2</sub> capture and storage, and environmental management will be world leading, with the potential to place WA at the forefront of cutting-edge 21st century technology.

Opportunities will arise for transfer of some of these technologies to others in the petroleum industry in Australia and offshore.

### Environmental protection

Gorgon is being designed to minimise its environmental impact and comply with Australia's strict environmental legislation and regulations.

An expanded three train development is now being assessed under Australian and Western Australian legislation.

Modularisation will also enable the Project to minimise the environmental impacts on Barrow Island.

## The Gorgon Project a module for success

A number of construction methods including modularisation are being adopted by the Gorgon Project due to the nature and size of the development.

The modularisation of the Gorgon Project's LNG trains will involve about 200,000 tonnes of modules, pipe racks and pre-assembled units with the largest module weighing in around 6,000 tonnes.

Gorgon Project Development Director Scott Young said the best opportunity for Australian participation in LNG module construction was likely to be in the area of pre-assembled racks and units of which about 60,000 tonnes were required.

Modular construction, a method involving the preassembly of components into transportable parts, is seen as the way of the future for the timely construction of LNG developments and will be pivotal to the success of the Gorgon Project.

At a supplier briefing held on 12 August 2008 Mr Young noted that the level of overall project development in Australia was so high that it has resulted in a skills shortage in several areas that would have an impact on the timely construction of the Gorgon Project.

"These skills shortages, which have been widely acknowledged by governments on all sides as well as by unions, employer groups and industry, mean that modularisation is the only way we will be able to get projects such as Gorgon up and running," he said.

"Some components simply cannot be built in Australia and modularisation is planned to avoid labour shortages in what is already an extremely tight labour market and to ensure project schedules are met."

Mr Young said a modular approach also allowed certain scopes to be distributed amongst a wider industrial market throughout the region, where available capacity can accommodate the work within the required parameters.

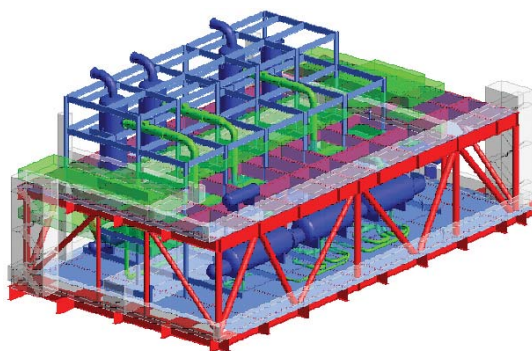
Modularisation will also enable the Project to minimise the environmental impacts on Barrow Island.

"We are committed to maintaining the existing environment on Barrow Island and by using modular construction it greatly reduces the laydown or open space required on the island. Most LNG projects have unlimited space available but for Gorgon we are constrained to a total of 300 ha for the entire development," Mr Young said.

"It will also reduce workforce hours on Barrow Island and enable site preparation and civil works to be conducted in parallel with modular construction."

All opportunities will be posted on the ICNWA's ProjectConnect website including the extensive greenfields work required to be conducted on Barrow Island including road and camp construction.

Material	Quantities (scale of works)
No. of Modules	50
No. of PAUs and PARs	270
Modules	180,000 tonnes
PARs	40,000 tonnes
PAUs	20,000 tonnes
Largest Module (weight)	7,000 tonnes
Largest Module (dimensions)	40m wide x 35m high x 72m long



## Gorgon - involving Australian industry

The Gorgon Project is Australia's largest resources development project and will provide significant direct and indirect benefits to Western Australian industry and community throughout its operating life.

Gorgon Project General Manager Colin Beckett said that Gorgon was a mega project with massive opportunities, particularly in terms of developing the State into a hub that can continue to develop and service world-class oil and gas developments.

"The Gorgon Project is the modern day resources equivalent of the Snowy Mountains Hydro Electric Scheme and will globally showcase Australian development skills and capability," he said.

Mr Beckett said data from the project's latest economic impact assessment (see page 4) highlighted that A\$33 billion in today's dollars would flow to local industry over the first 30 years of the project.

"Gorgon will also deliver thousands of jobs in the State and across Australia and an enormous raft of supply and construction opportunities," Mr Beckett said.

"While developments such as Gorgon require large capital expenditure overseas, we are working hard to ensure that local content opportunities for local contractors are realised.

"We will always consider Australian labour, services and materials."

Mr Beckett said Gorgon will provide Australian industry with an opportunity to globally showcase its expertise and its competitiveness, in both cost and quality, in the global energy project market.

He also highlighted that the greatest value for Australian industry in any LNG development will occur during the operational phase and that the key was getting Gorgon established.

"While developments such as Gorgon require large capital expenditure overseas, we are working hard to ensure that local content opportunities for local contractors are realised.



“The guide navigates you around the website and explains the easiest way to access the supply opportunities,” Mr Aguero said.

## New Gorgon supply opportunities

The Industry Capability Network WA's (ICNWA) ProjectConnect website is a free service designed to provide direct web-based communication between buyers and suppliers to the Gorgon Project.

To simplify the registration process for prospective contractors ICNWA has uploaded an easy to use guide for each of the separate contract registration pages on the website.

Pat Aguero, Australian Industry Participation Coordinator for the Kellogg Joint Venture - Gorgon, said the new user guide is a step by step manual for potential suppliers and contractors on how to register their expressions of interest for the Gorgon Project via the website.

“The guide navigates you around the website and explains the easiest way to access the supply opportunities,” Mr Aguero said.

“The guide is a great tool. It works extremely well for busy suppliers who do not necessarily have time to search for specific projects on the website or actively promote their company.

“It also explains how suppliers can create a company profile so the manager of major projects such as Gorgon can access the site and search for locally-based suppliers.”

[Click here](#) to access the ProjectConnect User guide or go to the ProjectConnect website [www.projectconnect.com.au](http://www.projectconnect.com.au).

## Upcoming Invitations to Bids and contacts

### Downstream

- Initial Fly Camp
- Rock Armour Supply
- Telecomms & Electronic Equipment
- BWI Warehousing & Logistics
- Construction Village

### Upstream

- Pre-lay scarp crossing excavation
- Onshore pipeline & control component installation
- DomGas pipeline & related facilities construction
- Post-lay trenching
- Rock Dumping
- Rock Supply/Marine Load-out Facility

For more details on these and other opportunities go to [www.projectconnect.com.au](http://www.projectconnect.com.au)



Scott Young addressing more than 200 suppliers at the August 12 project briefing at the Perth Hilton which was co-hosted with ICNWA

## Gorgon secures water front facility at Australian Marine Complex

In another strategic move, an area has been secured for a waterfront service area that will have the capability to support a roll-on/roll-off operation and a wharf to service the Gorgon Project at the Australian Marine Complex (AMC) south of Perth.

With another area already secured with Mermaid Marine Australia in May this year for a supply base at Dampier in the North West of the State, the plan for the Gorgon Project's logistics and supply chain is now well and truly coming together.

Gorgon Logistics Manager Heinz Scheer said securing a Gorgon supply base at the AMC facility will strengthen key relationships and enhance Western Australia's offshore marine services industry.

"We view this agreement as a positive way to enhance the Project's relationship with the State Government," Mr Scheer said.

"The AMC has been a fundamental project for the State and greatly beneficial for the marine, defence and oil and gas industries and WA.

"We believe a new Gorgon supply base at the AMC and adjacent industrial precinct will further develop WA as an offshore service centre."

Mr Scheer said warehousing and laydown capacity for the Project's logistical support would be secured at an industrial precinct adjacent to the AMC. The industrial precinct already hosts more than 120 businesses.

The addition of Gorgon and the plan to develop a waterfront facility at the AMC with roll-on/roll-off facilities should mean that the area can become an even more integral logistics hub servicing the fabrication and services industries along the Kwinana strip and enhancing Western Australia's offshore marine services industry.

July 2008 marked five years of operation for the AMC Common User Facility and since commencing operations the WA Government initiative has gained an international reputation as Australia's leading facility for marine, defence and oil and gas industries.

### Minimising environmental impact and reducing road transport

Mr Scheer said securing metropolitan and Dampier supply bases was also part of a strategic plan to minimise the potential impact of the Project on Barrow Island and reduce the amount of road transport.

"We are committed to minimising disturbance on Barrow Island and the mainland supply bases mean we can reduce the areas required for laydown on the island," he said.

"With wharf facilities at the AMC and Dampier we will also be capable of delivering equipment via sea that would otherwise need trucking via road trains.

"Less road transport means less impact on the community."

"We believe a new Gorgon supply base at the AMC and adjacent industrial precinct will further develop WA as an offshore service centre."



Gorgon's future metropolitan supply base waterfront facility at the Australian Marine Complex

The Gorgon Joint Venturers have released a Public Environmental Review (PER) for public comment.

Public Environmental Review update

A new web page has been established at the Gorgon Project's website which can now be accessed to locate the latest information related to the approval process for the expanded project scope.

The website will be kept up to date with a range of documents and other information.

The website is located at the "Managing our environment" section of the website at [www.gorgon.com.au](http://www.gorgon.com.au)

A special toll free number (1800 782 957) has also been established for any queries on the PER process.

STOP PRESS

A newly released Public Environmental Review is open for public comment until 10 November 2008. It is available at [www.gorgon.com.au](http://www.gorgon.com.au)

Key facts

- The Gorgon Project has approval for a 2 x 5 MTPA train development and is expanding the scope to include an additional train to improve project economics and address rising industry cost pressures
- State and Federal governments have set the level of assessment for the expanded train and associated infrastructure at a Public Environmental Review (PER)
- The PER process will provide assurance that there will be minimal additional environmental impact when compared to the already-approved two train project
- The third train will be built within the 300 hectare development site allocated in the *Barrow Island Act*, representing just 1.3 percent of Barrow Island
- The Gorgon Joint Venturers will fully engage in the rigorous environmental impact assessment and consultation process afforded by the PER process



## Community engagement

With the Gorgon Project making significant progress, Chevron Australia has appointed a dedicated focal point for all community engagement.

Luke Blackbourn has come from a rich background of community engagement including time in the Pilbara with the North West Shelf Venture, in which two Gorgon participants - Chevron and Shell - have equal one-sixth interests.

Luke's role is aimed at maximising the benefits and minimising the pressures on local communities from the Gorgon Project.

To ensure this occurs effectively, the Project has developed a Social Impact Management Plan (SIMP).

The SIMP identifies focus areas for particular attention including the impacts of Fly in Fly out (FIFO) operations, employment and training opportunities, regional business development, indigenous participation and community development. The SIMP will guide the Gorgon Project and its contractors in implementing appropriate measures in these areas.

"I enjoy meeting the people of our local communities and discussing our progress with them. The Gorgon Project will deliver enormous benefits to West Australia and we need to ensure the local communities benefit as much as possible," he said.

Since starting at Chevron Australia, Luke has visited communities in the Shires of Roebourne and Ashburton and has witnessed a good understanding of the Project and its complexities.

"Pilbara people know the challenges facing a mega-project like Gorgon. They also know that Gorgon can deliver good community outcomes if we work with them," he said.

"I am really looking forward to working with the communities as the Project progresses through construction and beyond. These are exciting times for us all."

As the Project gathers pace, a significant number of strategies will be implemented to ensure that all the local communities continue to prosper.

For more information, community members are encouraged to contact Luke on 1800 782 957, or [bllu@chevron.com](mailto:bllu@chevron.com)

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The name 'Gorgon' is one of strength and, like the impact the ships had on Western Australia, the Gorgon Project is a nation-building project which will chart a new course for Australian LNG developments in a way few others projects have done.

## Gorgon - a name associated with WA development

With the Gorgon Project set to become one of Australia's iconic developments, some may wonder about the origin of its name.

And while many may think that the Gorgon field was named after a Greek mythological monster, the origin of the Gorgon Project's name can be actually traced back from the name of a geological feature to a ship named the *SS Gorgon*.

The original *SS Gorgon* and other sister ships in the Blue Funnel Line played a crucial role in the early development of the northwest coast of Western Australia.

The *SS Gorgon* and its 1933 replacement (the *MV Gorgon*) delivered goods and services including passengers, general cargo, sheep, wool and cattle from 1918 through to the 1960s, running three-week trips from Perth to Singapore stopping at the North West Australian ports of Onslow and Derby. The only interruption was during the Second World War when the *MV Gorgon* transported troops to New Guinea.

The *MV Gorgon* even became well-known to Western Australian Petroleum Pty Ltd (WAPET) personnel in Derby during the mid 1950s.

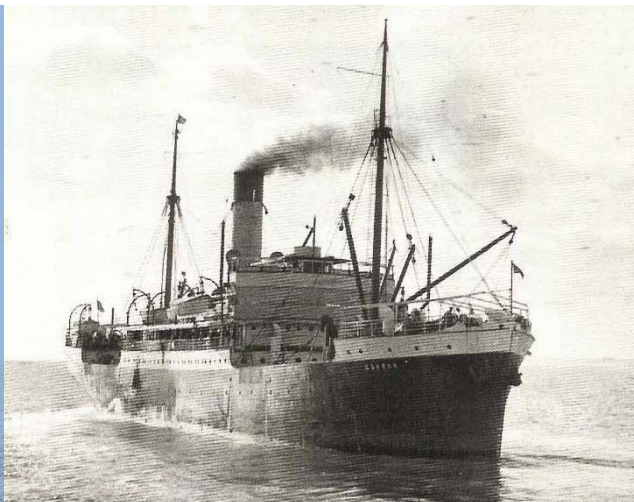
During one of the *SS Gorgon's* voyages a navigation hazard was located between Onslow and Thevenard Island - a gravel patch that came to be known as the "Gorgon Patch".

Fast forward a number of decades to the 1970s and the discovery of gas in the area and you'll find the link between the gas field and the ship.

Chevron convention at the time was to name offshore prospects after nearby geological features - in this case the "Gorgon Patch".

The name with its links to Western Australian development is more than apt.

The name 'Gorgon' is one of strength and, like the impact the ships had on Western Australia, the Gorgon Project is a nation-building project which will chart a new course for Australian LNG developments in a way few others projects have done.



The original SS Gorgon

## Project Overview

The Gorgon Project plans to develop the Greater Gorgon gas fields, located about 130 km off the north-west coast of Western Australia.

The Greater Gorgon gas fields contain resources of about 40 trillion cubic feet of gas, Australia's largest-known gas resource.

Development of this substantial asset will secure Australia's position as a leading gas producer and generate a new source of wealth for Western Australia and Australia.

### The project proposal includes:

- Development of the Greater Gorgon gas fields involving subsea pipelines to Barrow Island
- A gas processing facility on Barrow Island consisting of three, 5 million tonne per annum LNG trains and a domestic gas plant
- LNG shipping facilities to transport products to international markets
- Greenhouse gas management via injection of carbon dioxide into deep formations beneath Barrow Island.

## Who is involved in the Gorgon Project?

The Gorgon Project is being pursued by the Australian subsidiaries of three leading international energy companies: Chevron, ExxonMobil and Shell.

Chevron is operator of the Project with a 50% interest, with ExxonMobil and Shell each holding 25%.

Chevron, ExxonMobil and Shell are leading companies in the global oil and gas industry with proven technical and management skills for safe, efficient and environmentally responsible development.

### Project Overview

Gas from the Greater Gorgon Area gas fields will be produced from sub-sea wells to Barrow Island via pipeline for processing. Sub-sea developments are commonplace, with over 1000 sub-sea wells completed worldwide, many in water much deeper than the Gorgon Project.

At Barrow Island, proposed gas processing facilities will include an LNG plant, condensate handling facilities, marine export system, carbon dioxide reinjection facilities, associated utilities and a domestic gas plant.

About three shipments a week are expected to leave a dedicated LNG loading jetty.

The LNG plant will comprise of three trains capable of producing a total of 15 million tonnes per annum.

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## Contact Details

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**Front Cover:**

Gorgon's time is now – The message at the August 12 briefing.

Also John Voncina & David Lee examine the future Gorgon site.

