

# Port Hedland Virtual Gas Pipeline Project



## NEW \$250 MILLION PROJECT

A new Liquefied natural gas production and distribution facility is proposed for Port Hedland, with a focus on providing the liquefied natural gas (LNG) for domestic use as a diesel fuel replacement, and to the economic and environmental benefits this will provide to participating industries and the Pilbara region.

With an estimated expenditure of \$250 million, the facility is proposed to be located on a Landcorp site in the Boodarie Industrial estate, adjacent to the Great Northern Highway. Although negotiations are proceeding with the State Government and Landcorp for the project to commence here, this selected site has the necessary road and rail infrastructure and is in close proximity to the Dampier-Bunbury gas pipeline.

The express purpose of this project is to ensure Industries of the Pilbara have local access to the financial, operational and environmental advantages of using Australia's own natural gas as a source fuel. In particular that these benefits are available to reduce the operational fuel costs of the mining and transport Industries.

Based upon past research and experience, the use of LNG provided natural gas as a replacement for diesel fuel to industry in the manner proposed by MLNG, will provide fuel cost savings of approximately 25% over the diesel equivalent, and will permit industry to operate with approximately 25% less greenhouse gas emissions.

The project will featuring an LNG plant capable of producing and distributing up to 400 tonnes of LNG per day and MLNG's trade mark "virtual gas pipeline" production and distribution model, which will be able to supply customers in the wider Pilbara region via specially designed and robust portable storage tanks, known as "ISO Tank" containers.

With customer needs at the centre of the project fulfilment, the LNG will be supplied to customers by either road, or rail and deliveries by sea are proposed in the future. The ISO containers will be available in 22,000 and 44,000 litre capacities and in quantities and frequencies to best match individual site needs.



*The efficient, robust design of MLNG's ISO-tanks means LNG can be provided to a wide range of industries and remote locations.*

The facilities on the Boodarie Industrial estate site will include:

- The LNG liquefaction plant;  
Comprising of natural gas pipeline access, metering, gas cleaning, and liquefaction facilities;
- LNG Storage Tanks;
- ISO Tanks and Tanker Terminal;
- Power Supply/Generation Plant; and an
- Administration Complex.



*A natural gas liquefaction plant, similar to one proposed.*

## REGIONAL BENEFITS

The construction phase will require 375 direct positions and a further 65 positions will be needed for the ongoing operational running on the works.

This level of capital works and the infrastructure expenditure proposed is forecast to generate second round employment multipliers to the Pilbara region of between a further 500 to 1,000 secondary positions.

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When MLNG's facility is fully operational and producing its forecast 400 tonnes of LNG per day, this quantity of natural clean fuel for the local industry and region, has the potential to;

- Replace the daily consumption of 560,000 litres of diesel fuel;
- Remove the need to import up to \$160 million per annum worth of diesel.
- Reduce the operating fuel costs of participating industries by approximately \$51 million per annum;
- Prevent 120,000 tonnes of CO2 emissions annually from entering into the local environment.

The advent of LNG supplied as a fuel domestically to industry is also expected to generate secondary industries in gas conversions and from the fuel cost savings industry achieves from the new fuel efficiencies.

## PORT HEDLAND VIRTUAL GAS PIPELINE PROJECT - Summary statistics

MLNG

- LNG Production and distribution facility, producing 400 tonnes per day of LNG, from site in the Boodarie Industrial Estate, Port Hedland.
- Estimated project cost \$250 million.
- Forecast employment, 375 construction positions, and 65 administrative positions.
- Second round multipliers that result in approximately 1,000 other positions in the economy.
- 25% reduction in fuel costs forecast for participating industries.
- 25% reduction in greenhouse gas emissions forecast from fuel change from diesel to natural gas.
- Replace the daily consumption of 560,000 litres of diesel fuel;
- Save on the need to import up to \$160 million per annum worth of diesel.
- Reduce the operating fuel costs of participating industries by approximately \$51 million p.a.;
- Prevent 120,000 tonnes of CO2 emissions annually from entering into the local environment.

