



Approval for fuel drilling

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DRILLING at Altona Energy's Arckaringa coal-to-liquids project in the state's far north is set to start in the first half of next year, after key approvals were secured.

UK-listed Altona, and joint-venture partner China National Offshore Oil Corporation, obtained approval from the State Government for its environment protection and rehabilitation program.

The program encompasses a detailed coal and hydrogeological drilling program, which is expected to take about six months to complete.

Altona chairman Chris Lambert said a detailed work plan for next year had been endorsed at a JV partner meeting held in November.

"Support for new fuels and power sources from the South Australian Government remains extremely strong and CNOOC have completed all delineation work required for them to push ahead with the next stage of the bankable feasibility study," he said.

Water permitting and clearance work is already in progress at the site, with stage one of the drilling program to focus on the

Wintinna deposit, which holds an estimated 7.8 billion tonne coal resource.

Coal sampling and test work will also be undertaken next year, along with studies on mine design, environmental impact assessment, preferred coal conversion options, infrastructure requirements, groundwater management and utilisation, product marketing, and carbon capture, storage and utilisation.

The cost of the 2012 work program will be met by CNOOC, which is funding the BFS with a \$40 million budget. The Chinese oil company holds a 51 per cent interest in the \$3 billion-plus project.

The project comprises an open-cut mine with a 15 million tonne a year capacity, a 10 million barrel a year coal-to-liquids plant and a 560MW co-generation power facility.

Mineral Resources and Development Minister Tom Koutsantonis said Altona's proposal for the Arckaringa Basin was one of the state's most exciting developments.

"I am very excited about Arckaringa," he said.

"It is one of the most important strategic projects in the state and a lack of diesel is the number one fuel issue we face."