PetroChina, Partners Join in Canada LNG Project

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SHANGHAI (AP) — Asian energy giant PetroChina plans to join with Shell Canada and major energy companies in Japan and South Korea in developing a liquefied natural gas export project in British Columbia.

Shell will hold a 40 percent stake in the project, with Korea Gas Corp., Mitsubishi Corp. and PetroChina Co. each holding 20 percent shares, the Chinese state oil and gas company said Wednesday.

The plan calls for large tankers to transport LNG from the northwest coast port of Kitimat in British Columbia, the end point of a proposed pipeline that will direct oil to energy-hungry Asian markets.

Japanese demand for LNG has surged following the closure of Japan's nuclear plants in the aftermath of the March 2011 tsunami and subsequent disasters at the Fukushima Dai-Ichi reactors.

Natural gas piped to Kitimat will be cooled into a liquid and loaded onto tankers for export. Natural gas fetches a drastically higher price overseas than it does in the oversupplied North American market.

Jose-Alberto Lima, Shell's vice president for LNG in the Americas, said the project would be "well-suited to deliver long-term value for British Columbia and new export markets for Canada."

The plan to have tankers traveling to Kitimat is subject to an environmental review, though Canada's transportation safety agency gave its approval in February. The port project faces strong local opposition due to fears of the risk of a spill.

In a statement, PetroChina acknowledged that concern, saying the announcement "begins an extensive consultation process with First Nations and local community residents regarding the project."

It said the LNG Canada project would initially have two processing units with a capacity of 6 million tons of LNG a year, which might be doubled later.

The project may begin development in 2015 and finish by 2020, depending on regulatory approvals. Its backers say it will create thousands of jobs during construction and hundreds of permanent jobs once it is operating.

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