



Woodside First-Half Profit Rises, Cuts 2007 Output Forecast

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Top Australian independent oil and gas producer **Woodside Petroleum** saw its second-half profit jump 45% on higher output and record crude prices, but trimmed its 2007 production outlook due to project delays.

Woodside said it now sees 2007 production at between 72-78 million barrels of oil equivalent (boe), down from January's estimate of 75-80 million, due to the sale of Legendre assets in Australia and delays at its Otway gas and Neptune oil projects.

That marked the second downgrade from an initial forecast of 90 million boe. "Woodside's average realized oil price for 2006 was A\$85.43 per barrel, 17.2% higher than that of 2005," Woodside said in a statement.

Woodside, 34% owned by **Royal Dutch Shell**, said profit before one-offs rose to A\$1.4 billion (US\$1.10 billion) in 2006, up from the A\$1.04 billion a year earlier, though profit growth slowed to 35 percent in 2006 from 55% the previous year.

The full-year result beat the expectations of nine analysts polled by Reuters, who on average forecast a net profit before exceptionals of A\$1.36 billion. Full-year net profit including one-off items rose 29% to A\$1.11 billion.

Based on Reuters calculations, net profit for the second half was A\$870.7 million, up from A\$600.3 million a year earlier.

Higher Costs

Woodside said exploration costs rose 38 percent in 2006 to A\$422 million. Rental rates for deep water drill rigs have more than doubled over the past two years as high oil prices fuelled an exploration boom and utilization rates rose close to capacity. Labor costs have also swelled due to a shortage of skilled workers.

Operating costs at the Woodside-operated North West Shelf liquefied natural gas (LNG) project in Western Australia have risen by about a quarter in the half year ended Dec. 31, venture partner **BHP Billiton** flagged earlier this month. Woodside, along with five other partners, has a 16.7% interest in the project.

Woodside, which aims to double its output to 120 million barrels of oil equivalent by 2008, said in January that oil and gas production had risen 14 percent in 2006 to 67.9 million boe.

Lower production at its Chinguetti field in Mauritania and the closing of a well at its Enfield project in Australia had forced Perth-based Woodside to cut its 2006 production forecast twice.

New production slated to come onstream in 2007 had included the Neptune project in the Gulf of Mexico, the Perseus-over-Goodwyn project in Western Australia and the Otway gas project in southern Australia.

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