

Woodside wanted more

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WOODSIDE Petroleum has signalled it is proceeding with three large liquefied natural gas developments to secure its production future after hiccups with three smaller projects last year.

Australia's largest independent oil and gas company yesterday outpaced market expectations slightly by posting a \$1.43 billion annual profit, up 29 per cent from \$1.1 billion last year. Most of the increase was attributed to higher sales volumes, although record oil prices also helped.

"For most companies this would be a great result, but we were expecting more at the start of [last] year," said chief executive Don Voelte, referring to a series of cuts in its production forecast due to issues with its Chinguetti, Enfield and Otway projects.

The company lowered its production forecast for this year by 3 million barrels of oil equivalent (boe) to a range of 72 million to 78 million boe.

The shortfall was attributed to the recently agreed sale of its ageing Legendre oilfield to Apache for \$65 million, potential delays at the BHP Billiton-operated Neptune project being built in the Gulf of Mexico, and further construction delays at its Otway project in Victoria.

Although Mr Voelte said he was "a little disappointed" with Woodside's performance last year, he highlighted the company's impressive growth prospects.

Woodside announced its proved and probable reserves had increased 27 per cent to 1.58 billion boe, largely because gas meant to feed its Pluto LNG project was booked as reserves rather than contingent resources as in the past.

It is unusual within the industry to book reserves before a project is given final approval. The Woodside board does not expect to make a final investment decision on the \$6 billion to \$10 billion project until its June or August meeting.

But Mr Voelte said: "With the work we did in 2006 ... the board agrees there is certainty that Pluto will go ahead."

After Pluto is approved, Woodside's next big developments are the Browse and Sunrise LNG projects. Sunrise, located in the Timor Sea, had been on hold for years before the East Timorese parliament on Tuesday ratified an agreement giving the project legal and regulatory certainty.

Woodside is still waiting for an agreement on the project's fiscal terms. But Mr Voelte indicated it was now possible Sunrise could be developed at the same time as Browse - or even earlier.

As for last year's disappointments, Woodside slashed reserves at Enfield by 42 per cent, and Mr Voelte said options regarding the company's operating stake in the disappointing Chinguetti joint venture in Mauritania remained under review.

ABN Amro analyst Aiden Bradley said Woodside was trying its best to sell the project but was waiting it out to achieve the best possible price.

Woodside declared a fully franked final dividend of 77c, giving it a total annual payout of \$1.26, up from 93c last year.

The shares closed 46c higher at \$37.63.