

Pluto gives Woodside room to move

Woodside Petroleum, Australia's second-biggest oil company, may swap a stake in a proposed \$10 billion liquefied natural gas project in Asia for assets in the faster-growing Atlantic market.

The company had received "very interesting offers" for its stake in the Pluto project off Australia's north-western coast, chief executive officer Don Voelte said at an LNG conference in Barcelona.

Perth-based Woodside would decide by August whether to develop Pluto and wouldn't consider an offer until then.

"Pluto would never get sold for cash; we would want something of great value in return for it," Mr Voelte said.

"If Woodside is offered an opportunity that we believe is vastly superior than what we'll give up with Pluto but works for another company, then we'll consider that."

Global LNG demand may more than triple by the end of the next decade, with consumption in Europe and North America overtaking demand in Asia by about 2015, according to an estimate by global resources research firm Wood Mackenzie Consultants.

Gaining assets in the so-called Atlantic Basin would give a bigger

global reach to Woodside, which counts on Asia for almost 90 per cent of sales.

The Pluto project will triple the LNG output of the Australian company.

Woodside may either swap a stake in Pluto for a share in a venture that supplies LNG to Europe and the US, or develop its own project for the Atlantic market through exploration.

The Pluto project will have a capacity of 5 to 6 million tonnes a year of LNG, costing between \$6 billion and \$10 billion.

"You wouldn't believe some of the offers people have made us to get their hands into Pluto," Mr Voelte said.

"At least until the final investment decision you should not expect anything, but we have certainly catalogued what people have talked to us about, so that if we ever do turn that tap we can work on some existing ideas."

While Woodside might be interested in an asset swap, "those are hard deals to put together", Mr Voelte said.

A trade of a stake in Pluto for a share in a project or asset held by an Atlantic region LNG producer, such as BG Group might make sense, said Frank Harris, co-head of global LNG at Edinburgh-based Wood Mackenzie. "Woodside is the pre-eminent LNG player in the Pacific

Basin and you've got BG in the Atlantic Basin. With those two companies there must be some interesting possibilities."

Mr Harris said Total SA, which last year bought a stake in Inpex Holdings' Ichthys LNG project in Australia, was the other obvious candidate with its interests in the Middle East and Nigeria.

Mr Voelte said getting LNG supply in the Atlantic region wasn't a necessity given the strength of the LNG market in northern Asia.

"If we don't develop an Atlantic Basin component over the next year or two that doesn't mean that we failed," he said. "We'd rather wait for the right deal to come along."

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Don Voelte . . . 'Interesting offers'