

Pluto LNG Project – Project Approval

Frequently Asked Questions

What will you be building for the Pluto project?

The initial phase of the project will include a single LNG production train with forecast production of 4.3 million tonnes per annum connected by a 180km, 36-inch offshore pipeline to a platform in 85 metres of water. The platform will be connected to five initial subsea big bore wells on the Pluto field.

The approval also includes A\$300 million to be pre-invested in infrastructure to enable expansion, including the tie-in of other gas fields and addition of future LNG trains.

Work started on site preparation for the LNG tank site (Site A) in early 2007, under additional funding and environmental approvals.

How does this project create value for Woodside?

The project is underpinned by an integrated package of LNG Sale and Purchase Agreements, project equity and shipping arrangements with Tokyo Gas and Kansai Electric of Japan. The package of agreements provides commercial certainty, ensuring a competitive rate of return for the foundation project.

Beyond this commercially-viable foundation project, there is the potential for significant upside value to be created from future expansion.

Is the funding approval of up to A\$11.2 billion at 100%, or does it take into account the 10% equity divestment?

The funding approval of up to A\$11.2 billion represents 100% of costs going forward from the Board's approval decision. With Tokyo Gas and Kansai Electric each taking 5% equity in the project, Woodside's commitment will be reduced to 90%.

How will the project be funded?

The project will be funded using Woodside's robust cash flow from its Australian operations, supplemented by continued activation of a fully underwritten Dividend Reinvestment Plan and the issuance of corporate debt.

What is the likely expenditure profile over the coming years?

Of the expected capital expenditure, we expect 10% to be spent in 2007, 35% in 2008, 45% in 2009 and 10% in 2010.

Does the funding approved include expenditure to date?

Expenditure from the drilling of Pluto-1 in 2005 up to the end of July 2007 is forecast to be around \$800 million. The funding of up to A\$11.2 billion approved by the board represents a go-forward estimate of costs from this decision onward.

Does this project meet your required rate of return for LNG projects?

As a general guide, typical LNG projects target an internal rate of return of 10 - 15%. Pluto is within this range.

The capacity of the LNG train has reduced from an estimated 5-6 mtpa to 4.3 mtpa, why is this?

Initial advice on capacity was based on an estimate of LNG that could be produced by the train if it was running at 100% capacity, 100% of the time. The actual delivered volume needs to include planned and unplanned maintenance. 4.3 mtpa is the amount of LNG we expect to produce and have available to load for export. At 100% availability, the train could produce 4.8 mtpa.

What are the revised estimates for the Pluto and Xena fields that add up to 5 Tcf?

The dry gas contingent resource estimate (excluding fuel and flare) for the Pluto field is 4.4 Tcf, for the Xena field, 0.6 Tcf.

When do you expect to receive environmental approvals ?

The project schedule would be put at risk if environmental approvals were not received by September. Our timeline for approvals was developed on the advice of the State and Commonwealth governments.

On 9 July 2007, the EPA issued a recommendation to the WA Minister for the Environment for conditional approval of the project. The WA Minister will consider this recommendation and any appeals, then make a decision and announcement on the approval of the project. Following the WA Minister's decision, the Federal Minister will also make a decision and announcement on approval of the project.

What is Woodside's response to claims that rock art is being, or has been, destroyed for the Pluto project?

The land required for the Pluto project takes up about one per cent of the Burrup Peninsula. Within this area, we have designed the project footprint in consultation with local Aboriginal people to avoid 95 per cent of the rock art engravings on our leases.

Any engravings which cannot be avoided will be carefully relocated. We estimate the total number of engravings needing to be moved to be between 100 and 200, depending on the final design of our plant and ongoing survey work. These engravings will be moved with the guidance of local indigenous groups. We do not expect to damage or destroy any rock art.

What are the economic benefits of the Pluto LNG Project?

Economic modelling indicates that a two-train development, as per our environmental approvals, will create thousands of jobs, contribute at least A\$28 billion to the WA economy, and provide significant opportunities for local businesses. It will generate up to A\$8.5 billion in government revenues.

The Pluto project is expected to directly employ about 3000 people at peak construction in about 2009 and create about 300 direct permanent jobs when the project is operating in 2010, and to indirectly create more than 3000 additional jobs in Western Australia.

More than half of the capital spending for the Pluto project will be on Australian goods and services. The percentage of local content for Pluto is likely to be higher than recent brownfield projects because of the significantly broader scope of the project and its greenfields nature.