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Costs spiral up again

A COMPLETE exit from Africa appears almost certain as Woodside Petroleum seeks to offset cost overruns at two Australian projects and focuses on its lucrative LNG business.

Woodside yesterday revealed interim profits had climbed 16.3 per cent to $610.1 million in the June half, in line with market expectations.

The rise reflected improving production at the Enfield and Cossack Pioneer oil projects off WA, which boosted group output 17 per cent to 35 million barrels of oil equivalent and kept the company on track to meet its 2007 target of 72-78mboe.

But Woodside also revealed that construction and development costs continued to rise at the Train Five LNG expansion at the North West Shelf and the Otway Basin project off Victoria.

While Train Five was still on schedule for completion late next year, the final cost was now forecast at “under $2.6 billion” compared to the original 2005 forecast of $2 billion.