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Oil producer sets aggressive targets

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WOODSIDE Petroleum's full- year profit has been dragged down 27.8 per cent by factors including unfavourable foreign exchange rates and higher exploration costs.

Net profit for 2007 fell to $1.03 billion but revenue, including from discontinued operations, increased 5 per cent to $4.004 billion.

The underlying net profit was $1.18 billion - down 15 per cent.

But Woodside shares added $2.33, or 4.55 per cent, to $53.59 yesterday after it set aggressive oil production targets for 2008 and flagged a major upgrade of its liquefied natural gas (LNG) production capabilities.

"The result was affected by adverse Australian dollar to US dollar currency movement, higher exploration expenses and increased depreciation and amortisation, which outweighed the benefits of both higher production and commodity prices," Woodside said.

The price of crude oil had fallen to between $US50 and $US60 a barrel early last year but has soared since, breaking through $US100 a barrel this week.

Woodside, which is 34 per cent-owned by Royal Dutch Shell, is targeting a rise in production this year of up to 22 per cent to between 80 and 86 million barrels of oil equivalent (MMboe).

Last year's production was a record 70.6 MMboe - up 4 per cent.

Woodside chief executive Don Voelte said the 2008 production target would be adjusted if the purchase of Shell's Cossack Pioneer assets was approved by Woodside shareholders and the Shell board.

The production increase will be achieved with a full year of oil from Stybarrow, the ramping up of Otway gas plus the start-up of four new projects.

Woodside said its profit included a net loss of $152.2 million on significant items relating to the sale of various assets, including those in Mauritania.

Oil accounted for 49 per cent of revenue and is expected to bring in more this year.

However, LNG is a prime focus for Woodside and Mr Voelte said there would be more effort to expand the LNG portfolio.

Woodside expects to spend $5 billion this year, with close to two-thirds of that on its Pluto LNG project, which is under construction, with start-up expected in late 2010.

Mr Voelte said joint venture partners for the Sunrise LNG development - ConocoPhillips, Osaka Gas and Shell - were targeting a final investment decision next year.

He said the Kimberley and Burrup options for the Browse LNG plant development had come to the fore, with a final investment decision expected in 2010.

The company declared a final dividend of 55 a share, down from 77 cents a share in 2006.

The total 2007 dividend was $1.04, down from $1.26.

- AAP