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Woodside confident of 22% rise in 2008 production

By Peter Smith in Sydney
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Woodside Petroleum, Australia's second-largest oil and gas producer, said 2008 full-year production would rise as much as 22 per cent, a figure that does not include fresh reserves from its US$399m purchase of Royal Dutch Shell's oil assets in the North-West Shelf.

The production update came as the company, which is 34 per cent owned by Shell, reported a drop in full-year profit of 28 per cent to A$1.03bn (US$950m), after A$152m of losses relating to asset sales.

Woodside last month warned it would incur a loss on the sale of its stake in the Chinguetti oil field in Mauritania.

In spite of the decline in its results, Woodside's shares rose 4.55 per cent to A$53.59 yesterday.

Analysts said they expected Woodside to upgrade its 2008 production target of 80m-86m barrels of oil equivalent this year when the group takes ownership of the North West Shelf assets.

In 2007, Woodside produced 70.6m boe, up 4 per cent, extending an upward trend since 2004.

Underlying net profits after tax dropped 15 per cent to A$1.18bn, with the group blaming the shortfall on a stronger Australian dollar, higher exploration costs and increased depreciation charges.

These outweighed the benefits of higher production and commodity prices. Sales rose 5 per cent to A$4bn during the year. Analysts said the figures were broadly in line with expectations. Woodside said it added more than 108m boe to its proved and probable reserves during 2007.

It said the reserves growth resulted from bookings in the North West Shelf and from its Pluto liquefied natural gas project off Western Australia.

The energy group's board approved the Pluto project in July.

The project will develop the offshore Pluto field in the Carnarvon Basin and will include LNG processing with a capacity of 4.3m tonnes a year.

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