Business News
helping business grow

Woodside stick to production forecast

1-May-08 by AAP

Woodside Petroleum Ltd, Australia's second-largest oil and gas producer, has maintained its 2008 production guidance and says it does not take high oil prices for granted over the long term.

At the company's annual general meeting in Perth today, chairman Michael Chaney said Woodside had targeted production of between 80 to 86 million barrels of oil equivalent for 2008, up from the near-record 71 million barrels in 2007.

"Our project economics are based on a more conservative outlook and, importantly, we are determined to ensure that our costs are well controlled so that, if and when prices fall, we remain profitable," Mr Chaney said.

Chief executive Don Voelte said the 2007 profit of $1.03 billion had been affected adversely by changes in the exchange rate and a book loss on the sale of its underperforming Chinguetti project in Mauritania.

Mr Voelte said he had signalled a portfolio review in light of the growing global demand for liquefied natural gas (LNG)

"We have been putting this shift in strategy into effect, by increasingly concentrating on Woodside's core Australian assets," he said.

"This is evidenced by our agreement earlier this year to purchase Shell's North West Shelf oil interests, subject to your (shareholder) approval here today."

He said the 2008 target was the best performance estimate of nine projects in three continents, comprising dozens of facilities across about 40 oil and gas fields.

Mr Chaney emphasised Woodside's ambitious LNG aspirations.

Mr Voelte recently told journalists during the Australian Petroleum Production and Exploration Association conference in Perth that Woodside had built six out of the seven LNG production "trains" in Australia.

"As the world's major energy consumers seek greater diversity of supplies, with a priority on securing cleaner sources of power, liquefied natural gas has become one of the 21st century's most sought after fuels," Mr Chaney said.

He said Woodside's two operating and two planned LNG projects contained, under Australia's oil reporting code, "gross proved and probable reserves and contingent resources of about 50 trillion cubic feet of dry gas ... enough to supply about 17,000 cargoes".

"That is about seven times the volume of LNG we have delivered over 19 years from our North West Shelf Venture."

He said that despite the recent shutdown at the North West Shelf gas plant, caused by a small electrical fire, its reliability rate was more than 99 per cent.