

# Woodside shares down on downgrade, bullish on outlook

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Woodside Petroleum Ltd shares dropped 3 per cent today, despite a bullish outlook beyond the current period, after the company delivered its second production downgrade for the year.

At an investor briefing in Sydney today, Woodside downgraded its 2006 production forecast to 67 to 68 million barrels of oil equivalent, down from 72 Mmboe.

The downgrade is the second for the year after the company revised its initial target of 76 Mmboe in June.

It wasn't all bad news with managing director and CEO Don Voelte telling the briefing that 2006 would likely deliver record production and earnings, but the following two years would be better.

"We've alluded 2007 will be better than 2006, a record on a record," Mr Voelte said.

"And 2008 right now we believe will be better than 2007."

Woodside has forecast 2007 production to be in the order of 75 to 80 million barrels of oil equivalent and in excess of 100 Mmboe in 2008.

"At the end of the day it's a strong company, great assets ... we are extremely confident in our capabilities," Mr Voelte said.

Reflecting on 2006, Mr Voelte said the company would likely deliver record production, earnings, operating cash flow and dividends.

"But we should have done better ... though we did, and still do, many things really well," Mr Voelte said.

"We may disappoint once in a while, but by golly the group works hard to fix it."

Ongoing problems at the Chinguetti oil field in Mauritania, delays to the Otway joint venture in Victoria, water in a well at the Enfield project off Western Australia and the deferral of some production in the US have all played their part.

Looking ahead, Woodside said its Browse, described as a mega-project, and Pluto developments would be significant contributors to the bottom line, which are expected to double the company's LNG resources.

Director of the Pluto development Lucio Della Martina said first production is expected from late 2010, just over five years after discovery against the industry average of 20 years.

"Pluto isn't quite the Browse mountain but it does have its strategic advantages ... Pluto will be the next step in the Woodside LNG development," Mr Della Martina said.

Pluto is expected to cost in the order of \$6 - 10 billion to bring onstream.

Woodside has forecast a strong LNG market until about 2012-2013 and is aiming to bring Pluto and Browse onstream to capture that window.