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Australian Oil, LNG Production to Fall This Year, Bureau Says

By Angela Macdonald-Smith

March 4 (Bloomberg) -- Australian oil production is set to drop 8 percent this fiscal year as shutdowns of wells at offshore fields cancel out the effect of project start-ups, the Australian Bureau of Agricultural and Resource Economics said.

Oil output may fall to 450,000 barrels a day in the 12 months ending June 30, compared with an estimate a year ago of a gain to 500,000, the Canberra-based bureau said today in a report. Output of liquefied natural gas may slide 3 percent due to shutdowns for maintenance at both Australia's plants, it said.

Santos Ltd., Australia's third-biggest oil and gas producer, in December cut output at the Mutineer-Exeter fields off Western Australia after electrical damage to underwater pumps, while Woodside Petroleum Ltd. halted the Corallina field in September because of a gas leak. Oil output is set to rise again next business year, buoyed by new projects.

The cut in the production forecast ``reflects technical difficulties at a number of fields,'' the bureau said in its March quarter report. Next business year oil output should rise by 7 percent to 483,000 barrels a day, boosted by the start-up of the Angel, Skua/Swift and Vincent fields and the ramp-up of production at BHP Billiton Ltd.'s Stybarrow field, it said.

Beyond 2008-09, Australian oil production is forecast to decline ``at a moderate rate'' as declining production from maturing fields cancels out new additions to capacity, the bureau said. Total energy export earnings are set to jump to A$59.6 billion ($55 billion) in 2012-13, up from A$43.4 billion this year, it said.

Oil-Price Forecast

The bureau is forecasting an average price of West Texas Intermediate, a U.S. benchmark crude variety, to $86 a barrel, up 20 percent from last year.

Australia's crude-oil exports are expected to total 99 million barrels this business year, rising to 108 million next year and to 113 million in 2012-13, the bureau said. The value of Australia's crude oil and condensates exports may rise to A$11.4 billion ($10.6 billion) by 2009-10 before falling, it said.

LNG exports this business year may slip to 14.8 million metric tons, because of maintenance shutdowns at the North West Shelf venture and at ConocoPhillips's Darwin plant. They should jump to 16.9 million tons next year due to an expansion at the North West Shelf venture, and to 26 million tons by 2012-13. The bureau's forecasts assume full capacity at the North West Shelf venture and at Woodside's Pluto project, as well as at plants proposed in Queensland by Liquefied Natural Gas Ltd. and Sojitz Corp.

Australian LNG exports may be worth A$6 billion in the year ending June 30, almost doubling to A$11.1 billion in 2012-13, the bureau said.

Coal, Uranium

Exports of power-station coal are forecast to fall by 3.5 percent this business year to 108 million metric tons as rail and port bottlenecks prevent producers from taking advantage of high prices and rising demand, the bureau said. Higher prices will more than offset the effects of lower volumes, with export earnings rising by 17 percent to about A$8 billion.

Expansions to mine, rail and port capacity should result in a 9.3 percent-a-year average gain in thermal coal exports to 168 million tons by 2012-13, the bureau said.

Uranium output may jump by 12 percent this business year to 744 tons of uranium oxide, mostly due to higher production at Energy Resources of Australia Ltd.'s Ranger and BHP's Olympic Dam mines. Uranium mine production is forecast to rise on average by 4 percent a year to 13,360 tons, up from 10,900 tons this year, the bureau said.

To contact the reporter on this story: Angela Macdonald-Smith in Sydney at amacdonaldsm@bloomberg.net