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Woodside May Sell Shares to Fund 2009 Spending, JPMorgan Says

By Angela Macdonald-Smith

Nov. 26 (Bloomberg) -- Woodside Petroleum Ltd. may need to sell stock next year to cover spending plans should oil prices remain around current levels and credit markets fail to ease, JPMorgan Chase & Co. said.

Australia's second-largest oil and gas producer will probably require about $2.5 billion in debt in 2009, more than Woodside's estimate of $1 billion to $1.5 billion, JPMorgan said in a Nov. 24 report. It may be unable to get all the financing it needs from the debt markets, leaving the Perth-based company needing to sell shares, JPMorgan said.

Woodside, 34 percent-owned by Royal Dutch Shell Plc, said earlier this month its capital investment may jump 33 percent next year to A$7.3 billion ($4.7 billion) as spending increases on the construction of the Pluto liquefied natural gas venture. A decline in the Australian currency against the dollar means Woodside's U.S. dollar debt can fund more spending, it said.

"The oil price has continued to slide even in Australian dollar terms," JPMorgan analysts led by Mark Greenwood said in the report. "At a low oil price scenario we believe there is a possibility that Woodside may need to raise equity."

Crude oil prices on the New York Mercantile Exchange have dropped 65 percent since their July record and were at $50.92 a barrel at 7:33 a.m. today in Singapore. Woodside fell as much as 4.5 percent in Sydney trading to A$32.01 and was at A$32.05 at 10:33 a.m. local time. The decline compared with a drop of as much as 1.7 percent in the Australian stock exchange's benchmark energy index.

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