

Woodside Stays Strong

Woodside Petroleum has reported lower production and sales for the first quarter of 2008, due to the impact of tropical cyclones off the northwest coast of Australia, shut downs and maturing fields.

However, the company has maintained its annual production forecast of 80 MM to 86 MM boe despite producing only 17.2 MM boe in the first quarter, down 4% from the same quarter in 2007.

Goldman Sachs JBWere deemed the production results "materially below" its expectations, although it noted that it had expected Woodside to include the oil production from its recent purchase of Shell's North West Shelf oil assets.

The Shell assets were not included in Woodside's production figures.

In addition to weak liquefied natural gas, domestic gas and condensate production from the North West Shelf, which was shut down for two days in January, cyclones forced the company to halt production at several offshore projects during the quarter.

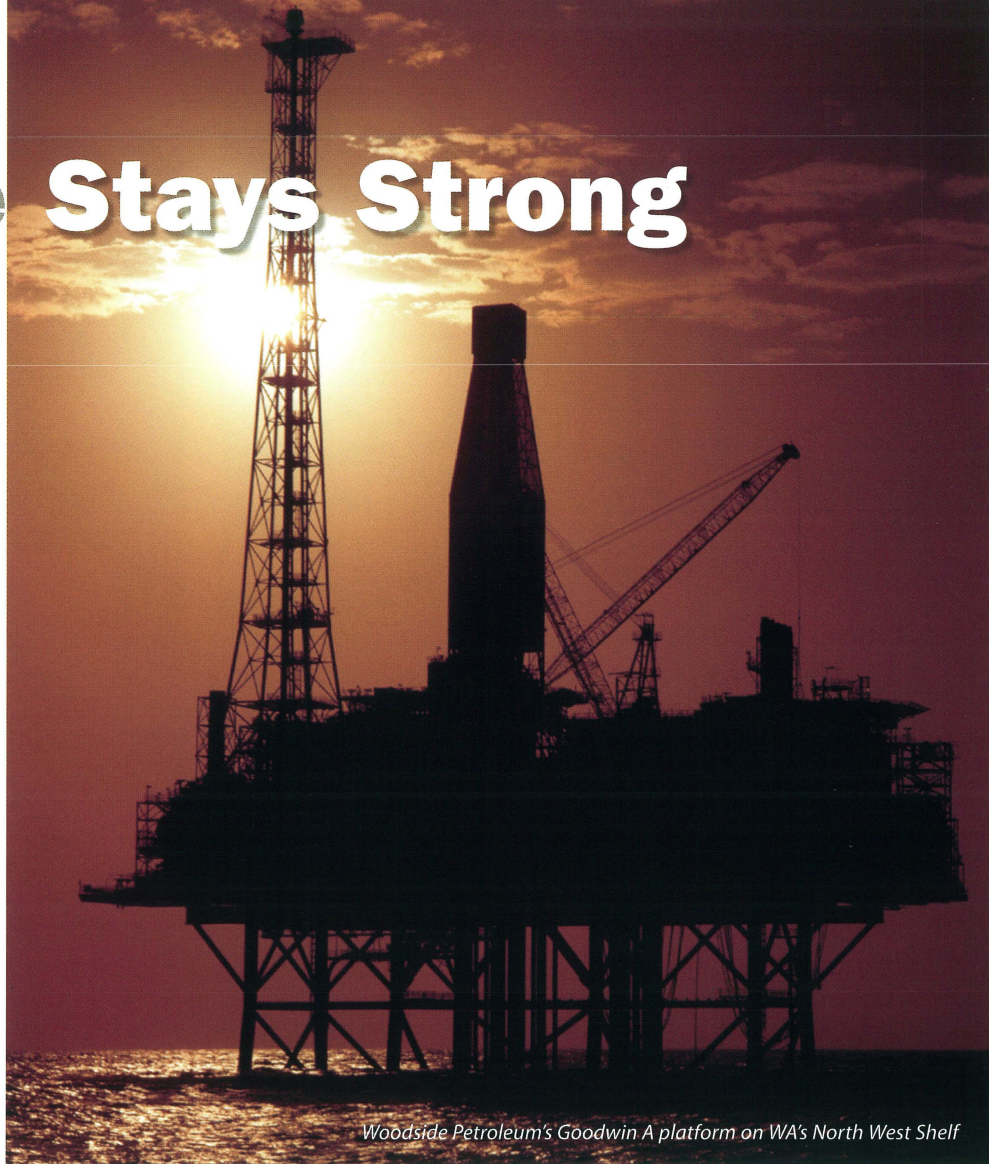
Production at its Enfield oil project nearly halved to 28,730 bpd after Woodside shut in a key producing well as a result of sand production.

The well should be back on line in May, but Woodside will then shut in a second well for repairs until early in the third quarter.

The negative impact of remedial work at the Mutineer-Exeter field with the FPSO being shut-in for electrical repairs from 1 February to 19 March and the 2007 sale of non-core assets, Legendre and Chinguetti, were also cited as reasons for decreased production.

"Strong performance from the Stybarrow field, reinstatement of production from the Corallina field and the ramp up of Otway production only partially offset the production impact of tropical cyclones off the northwest coast of Australia, the Karratha gas plant shutdown in January and natural field decline of our mature oil fields during the first quarter," Woodside said.

Sales were 5% lower against the December quarter of 2007 at 17 MMboe, reflecting a fall of 1% from the previous quarter.



Woodside Petroleum's Goodwin A platform on WA's North West Shelf

However, revenue rose 22% to \$1.09 billion as higher commodity prices and a significantly higher Australian dollar exchange rate outweighed lower sales volumes.

Woodside's sales revenue fell 6% from \$1.171 B compared to the December quarter due to the reduced production volumes.

Woodside said it had engaged two contractors to prepare engineering plans for a second train at the Pluto project, which should be ready for a final investment decision (FID) by the end of the year.

Foster Wheeler Worley Parsons (FWW) and Technip Chiyoda Fluor (TCF) will each prepare an execution plan for the project.

But the company has not yet found enough gas to fill the second train and negotiations about third-party sales agreements with Chevron and Apache - the owners of neighbouring finds - have been unsuccessful so far.

In its quarterly report, Woodside revealed its Ixion-1 well, which could have provided gas to its \$12 B Pluto LNG project now under construction, had turned up dry.

Woodside's chief executive, Don Voelte, last week said the company could firm up the gas needed as late as the end of next year and remain within its planned construction timetable for the second train.

Woodside is the operator of two other prospective LNG projects, Browse and Sunrise. Unlike its wholly owned Pluto project, those are joint ventures.

Appraisal activities and feasibility studies on development options for Browse are ongoing with Woodside aiming to achieve a FID in 2010.

A four year research and study program contract was signed with the Australian Institute of Marine Science for baseline data acquisition at Scott Reef.

The company said feasibility studies on the various development concepts at Sunrise are also ongoing in order to work towards a preliminary development plan while reprocessing of seismic data and sub-surface studies continues.

"Following meetings with joint venturers the project is progressing to concept selection and FID (2009 target), in close consultation with the Timor Leste and Australian governments." ■