

**HD** **UPDATE 2-Cashed-up Woodside Petroleum sees juicier M&A prospects**

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**LP**

\* M&A opportunities look cheaper than 2 years ago

\* Woodside targets growth opportunities worth \$5 bln

**TD**

\* Net profit rises to \$1.1 bln, meets forecasts (Adds CEO, analyst comments)

By Sonali Paul

MELBOURNE, Aug 20 (Reuters) - Woodside Petroleum Ltd , armed with \$4.3 billion to spend to fill a gap in its growth prospects, sees the chance of snaring an acquisition improving as rivals step up asset sales and competing bidders dwindle.

Australia's top oil and gas producer, which reported a record half-year profit on Wednesday, is cashed up after shareholders rejected a \$2.68 billion plan to buy back and cancel stock held by its top shareholder, Royal Dutch Shell .

Woodside has resisted making acquisitions over the past two years as pricetags were too high, but Chief Executive Peter Coleman said there were now attractive opportunities as companies from Shell to the likes of Apache Corp offload assets.

"We do have a view that M&A opportunities are coming onto the market. They are better priced than what they were two years ago," Coleman told analysts and reporters on a conference call.

At the same time, competitive bidding is likely to ease, Coleman said, as state-owned oil companies like China's CNOOC and PetroChina, are no longer chasing deals after making expensive acquisitions over the past few years.

Woodside has said it is looking for growth prospects worth around \$5 billion.

Among other opportunities, he said Woodside was looking at assets that Apache wants to sell, which include LNG stakes in Australia and Canada.

Woodside is under pressure to make an acquisition to spur growth ahead of the development of its next big project, most likely the Browse floating LNG project, after scrapping a deal to buy a 25 percent stake in Israel's massive Leviathan gas field earlier this year.

"They would be running the ruler intently over Canadian opportunities," said Andrew Williams, an analyst at RBC Capital Markets in Melbourne, adding those would fit with Woodside's plan to develop an LNG export plant in British Columbia.

#### RECORD PROFIT

Woodside delivered a 27 percent jump in net profit to \$1.11 billion for the six months to June, in line with market estimates.

Revenue rose 24 percent to a record \$3.6 billion, thanks to higher volumes and prices at its Pluto LNG project, while production resumed at its Vincent field.

The **company** also reaffirmed its recently raised raised production target of 89 to 94 **million** barrels of **oil** equivalent (mmboe) for calender 2014.

Woodside announced an interim dividend of 111 cents a share, slightly higher than some analysts' forecasts, while it held back on returning extra capital to shareholders as it plans to canvas investors on what form they would favour.

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**CO** wodpet : Woodside Petroleum Ltd

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