platts Oilgram News

SE Asia Pacific

HD **Pluto LNG drives Woodside's Q2 output higher**

BY Christine Forster
WC 487 words
PD 18 July 2014
SN Platts Oilgram News
SC PON
VOL ISSN: 0163-1284, Volume 92, Issue 140
LA English


LP

Woodside Petroleum produced 23.5 million barrels of oil equivalent in the second quarter of 2014, up 2.2% from Q1, mainly due to higher output at its 90%-held Pluto LNG project in Western Australia.

Production for the period was 17.5% higher than in Q2 2013.

TD

Woodside attributed the year-on-year rise predominantly to the reliability of production at Pluto and the restart of its Vincent FPSO off Western Australia in late 2013.

On the back of the Q2 results, Woodside Thursday raised its 2014 production target to 89 million-94 million boe, from 86 million-93 million boe. The revision reflects strong operating performance, with production on or above plan, the company said.

Hong Kong-based analysts with Bernstein Research said they expected Woodside to produce 92 million boe this year.

"Production growth will flatten off in 2015, and the next wave of organic production growth will not come in until 2020," Bernstein said in a note.

Bernstein said the $400 billion gas supply deal signed between Russia and China in May would mean more marginal LNG projects in the region, such as Woodside's Browse floating LNG development off Western Australia, will face increased challenges through greater gas-on-gas competition.

Woodside's near-term organic growth prospects also took a hit in May when it walked away from plans to take a 25% stake in Israel's Leviathan offshore gas field.

The Browse project involves the development of 14.9 Tcf of gas in the Brecknock, Calliance and Torosa fields using three floating production facilities, each with capacity of about 3.9 million mt/year of LNG and 22,000 b/d of condensate. A decision to move the project into the front-end engineering and design phase is expected in the second half of this year.

Woodside has said previously it was targeting a final investment decision on Browse in H2 2015. First gas would be expected five to six years later.

"Floating LNG is the logical response to the high-cost environment in Australia," Bernstein said. "Despite this, there are challenges around higher opex, lower operating efficiencies for FLNG vessels versus onshore, lower recovery factors and synergies. While it is too early to fully appraise FLNG, it may not be quite as transformational to the economics as some expect."

Woodside's Q2 sales revenue was $1.679 billion, up 0.2% from Q1, reflecting higher LNG realized pricing and higher oil sales, partly offset by lower LNG and condensate sales volumes, the company said. Revenue for the quarter was 24.8% higher than in the same period of 2013, mainly due to additional oil volumes sold primarily from Vincent and higher realized prices for Pluto LNG.

Woodside, which also operates the North West Shelf joint venture, is Australia's largest listed oil and gas producer.

Christine Forster

**CO** wodpet : Woodside Petroleum Ltd

**IN** i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | iextra : Natural Gas/Oil Extraction

**NS** c21 : Output/Production | ccat : Corporate/Industrial News

**RE** austr : Australia | waustr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**IPD** Production

**PUB** The McGraw-Hill Companies, Inc.

**AN** Document PON0000020140815ea7i00004

 