

Woodside mulls swapping LNG assets

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WOODSIDE, Australia's second-biggest oil company, could swap a stake in a proposed \$10 billion liquefied natural gas project for assets in the faster-growing Atlantic market.

The company had received "very interesting offers" for its stake in the Pluto project off Australia's north-western coast, chief executive Don Voelte said in an interview in Barcelona.

Woodside would decide by August whether to develop Pluto and would not consider an offer until then, he said.

"Pluto would never get sold for cash; we would want something of great value in return for it," Mr Voelte said last Thursday at the LNG15 conference in Barcelona.

"If Woodside is offered an opportunity that we believe is vastly superior than what we'll give up with Pluto but works for another company, then we'll consider that."

Global LNG demand could more than triple by the end of next decade, with consumption in Europe and North America overtaking demand in Asia by about 2015, according to a Wood Mackenzie Consultants estimate.

Gaining assets in the so-called Atlantic basin would give a bigger global reach to Woodside, which now counts on Asia for almost 90 per cent of total sales.

Woodside's board in December approved an initial \$1.4 billion of spending on the 100 per cent-owned Pluto project and is due to give final approval for development by August, with a target of late 2010 to start deliveries to Japan. The project will triple Woodside's LNG output.

Woodside may either swap a stake in Pluto for a share in a venture that supplies LNG to Europe and the US or develop its own project for the Atlantic market through exploration.

The Pluto project would have a production capacity of 5 million to 6 million tonnes a year of LNG.

"You wouldn't believe some of the offers people have made us to get their hands into Pluto," Mr Voelte said. "At least until the final investment decision you should not expect anything but we have certainly catalogued what people have talked to us about so that if we ever do turn that tap we can work on some existing ideas that have been approached to us."

While Woodside might be interested in an asset swap, "those are hard deals to put together", Mr Voelte said.