

Pluto more than just the next big thing

Woodside's chief executive sees a lifetime of work coming to fruition, writes

Stephen Wisenthal.

Woodside Petroleum has almost always been working on a big project that's set to deliver a huge growth spurt — and it's helped keep investors on board even when short-term production has been shaky.

A decade ago, it was the Laminaria oilfield in the Timor Sea. More recently, there have been the fourth and fifth liquefied natural gas plants, known as trains, at the North-West Shelf project, and other oil and gas fields stretching from Victoria to Mauritania.

But managing director Don Voelte sees the latest next big thing, the \$12 billion Pluto LNG project, as the ticket to an almost permanent growth path.

With the ink barely dry on the board's final approval of a month ago, he's already focused on the next stages of the development.

Woodside has moved its team from building the fourth train to the fifth at the North-West Shelf and now on to Pluto, 190 kilometres north-west of Karratha.

Voelte is confident the company can deliver Pluto by the end of 2010, when the first ship full of gas is scheduled to leave for Japan.

"I don't get too excited about the risk because I know we have the people aboard that can mitigate the risk of this project," Voelte tells *The Australian Financial Review*.

"We've drilled in this depth of water; we've completed wells; we're good at gas reservoirs.

"We've set the same type of flow-lines in this water depth in our other projects.

"The Pluto platform out there in the ocean will be an awful lot like the Angel platform that we're

setting in the North-West Shelf.

"So if we can't execute it, shame on us."

LNG marketing can be slow, but Voelte has hinted more customers are set to sign up soon for gas from a suite of other LNG developments including Browse and Sunrise, big projects that until recently have been seen as far in the future.

The company declines to comment on speculation the next big customer will be China and that

it will sign a contract at the Asia-Pacific Economic Co-operation meeting of world leaders in Sydney next month.

Voelte insists the strategy he describes for sharing the gas produced from its 50 per cent-owned Browse project, 1000 kilometres north of the North-West Shelf, is merely a concept.

Still, he's got a pretty clear idea.

Thirty per cent could go to a 6 million tonne a year LNG expansion at Pluto, of which Woodside owns 100 per cent, leaving the rest of Browse to supply an expansion of the North-West Shelf project.

The early production could come from the North-West Shelf fields which, when depleted, Woodside would potentially use to store waste carbon dioxide it stripped out during processing.

One thing he is very clear about is the benefits of continuing at Pluto, whose \$12 billion budget includes \$300 million of infrastructure to support expansions.

"The first project is good — strong economics — but trains two and three could be just absolute great projects for the company and our shareholders," Voelte says.

"It's the scale and scope factor.

"All the economics always get better on these plants."

The conveyor-belt approach of building a new plant every couple of years will also help Woodside get

ahead in the battle for skilled people, he says.

"In the LNG business, people have jumped from company to company as projects come along, once every 10 years," he says.

"What we'll be able to do is offer them a career.

"We've hired a few people recently, some of the best in the industry, because they know they've got five or six trains coming to work on, and they can stay in one company, in lovely Perth, lovely Australia, to raise their families, and let their kids go continuously to schools."

LNG potential is a key reason Woodside said last week it was looking at what to do with its African business, including Mauritania's troubled Chinguetti project, and operations in Algeria and Libya.

"Our base case is to move forward with Africa," Voelte says.

"So this is not a fire sale.

"This is potentially putting some really good assets under a different structure, to let those assets flourish.

"We have a great obligation as an operator to our joint venture partners, and to governments there, to make sure that these assets are properly developed.

"We'll pursue that whether that means we have 100 per cent ownership, 50 per cent, or zero per cent."

Pluto is the first major project that has come in entirely on Voelte's 3½ years' watch at Woodside.

"It's a fulfilment for me of a lifelong work," the 56-year-old says.

"Something like Pluto and all the other projects we do and the current production, what we do at the North-West Shelf, for me it's exciting.

"The future of Woodside is really bright. We have a bunch of young folk who are going to do great things in this company."

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