

Woodside in talks with Taiwanese firm

September 11, 2007 - 11:44AM

Oil and gas producer Woodside Petroleum Ltd has confirmed speculation that it is in talks to sell gas from the Browse project in Western Australia to CPC Corp of Taiwan.

Woodside said that the company was in "discussions with potential Asian buyers about significant volumes of LNG (liquefied natural gas) and that a key terms agreement may soon be signed".

The oil and gas producer confirmed the discussions included CPC Corp.

The Browse project is located about 425 kilometres north, north-west of Broome in WA and contains an estimated 20 trillion cubic feet of gas and 300 million barrels of condensate.

Woodside signed up the venture's first customer last week, finalising a deal to supply about 2 to 3 tonnes of LNG per annum to PetroChina.

The supply agreement is for a period of 15 to 20 years starting in 2013 to 2015.

While the financial details remain confidential, brokerage UBS estimates PetroChina may have agreed to pay \$US7 to \$US9 per million British thermal units for the gas, valuing the deal at about \$45 billion.

Woodside managing director and chief executive Don Voelte was bullish on the outlook for LNG when delivering the company's half year results in August.

"The people that are acquiring LNG around the world, especially in the Asia-Pacific, are growing," Mr Voelte said.

"There is a recognition of what LNG is worth and we're seeing that show up in sales negotiations."

The Browse project is 47 per cent owned by Woodside, with BP, BHP Billiton Ltd, Chevron and Royal Dutch Shell holding various stakes in the venture.

Woodside, Australia's largest independent oil and gas producer, added 14 cents to \$45.90 by 1107 AEST.