The West Australian

Woodside to cut jobs, shelve Sunrise

Peter Klinger The West Australian
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UPDATE 2.45pm: Woodside Petroleum has announced plans to cut 320 jobs this year as well as shelve plans for its Sunrise LNG project in the Timor Sea.

The job cuts are part of an efficiency and cost-cutting drive partly prompted by the diving oil price.

The job losses coincide with a plan to defer exploration activities resulting in a cut in the company's exploration budget from about $US615 million to $US500 million.

The company's Sunrise LNG project has also been shelved because of the stalemate between the Australian and East Timorse governments on regulatory and fiscal regimes covering the massive gas-liquids field.

Woodside chief executive Peter Coleman revealed this morning that the Sunrise consortium had exhausted all options and had come to a dead end as far as development activities were concerned.

"We have exhausted all activities," he said.

"For us we are at a point that we are lookin at Sunrise and it's very difficult to sped any material amount of money (on it). We don't know what the regulatory regime is, we don't know what the fiscal regime is."

He said he was not disappointed at the forced move but said it highlighted to Woodside the need to maintain a range of growth options in the portfolio and not become reliant on one particular opportuntity such as Sunrise.

Sunrise is considered to be one of the great undeveloped hydrocarbon resources in the region.

It was discovered in 1974 and is estimated to contain 5.1 trillion cubic feet of gas and 225.9 million barrels of condensate.

But the fact part of the field lies in the Joint Petroleum Development Area, jointly administered by Australia and East Timor, has sparked protracted wrangling between the two governments over development plans and the destination of tax revenue.

East Timor wants Woodside and the consortium to build an onshore LNG plant in the country, a move the Sunrise partners are resisting.

The Sunrise revelation came as Woodside reported a $US2.41 billion net profit for the year to December 31, up 38 per cent.

The underlying net profit was a record $US2.42 billion, underpinned by Woodside's best-ever year of production of 95.1 million barrels of oil and gas.

The company declared a record final dividend of $US1.44 a share, up 40 per cent.

Mr Coleman said oil and gas markets would remain volatile in the short term but Woodside remained well positioned to ride out the storm.

Mr Coleman said the $US3.75 billion deal to buy Apache's stakes in the Wheatstone and Kitimat LNG and Balnaves oil operations remained on track to settle by the end of next month.

He also said Woodside was sticking to its slowed-down development timetable for Browse, with front end engineering and design work to begin in the middle of this year for a final investment decision target of late 2016.

Woodside shares closed up $1.54, or 4.41 per cent, at $36.45.