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# ASX ANNOUNCEMENT

(ASX: WPL)

MONDAY, 18 APRIL 2005  
10:20AM (WST)



## MEDIA

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## FIRST QUARTER REPORT FOR PERIOD ENDED 31 MARCH 2005

### **Key Points**

#### **Production volume**

- Production volumes for the March quarter were 1.9% lower than the previous quarter. Production increases during the quarter for North West Shelf domestic gas, condensate, LPG and oil were offset by lower volumes from Laminaria and Legendre due to natural field decline and operational issues at Laminaria and Train 4. The Q1 2005 production was also 2% lower than the previous corresponding period.
- Compared to the previous quarter, production through the Cossack Pioneer FPSO was up by 20.7% with two new infill wells coming on-line at the end of December 2004.
- At the end of the quarter, oil production started at the Mutineer-Exeter fields in offshore WA (Woodside equity 8.2%).
- Woodside reconfirms the 2005 production target of around 56 MMboe.

#### **Sales Volume**

- Q1 2005 sales volume was higher than the previous quarter by 0.8% and lower by 3.0% when compared to the previous corresponding period.

#### **Revenue**

- Quarterly sales revenue was lower than that of the previous quarter by 1.5%, reflecting reduced oil production. However, revenue was 20.6% higher than the previous corresponding period in 2004, largely as a result of higher oil prices.

#### **Activities**

- The Chinguetti, Otway and Enfield projects are advancing within budget and are on schedule for start-up in 2006.
- Offshore WA exploration drilling has yielded a significant new gas discovery at Pluto, a gas discovery at Hurricane (commerciality yet to be determined) and a non-commercial discovery at Falcone. In early April 2005 the Halladale DW-1 (Black Watch location) discovered gas in the Otway Basin (offshore Victoria).
- In Mauritania (W Africa) a successful production test of the Tiof-6 appraisal well was completed, achieving a stable flow rate of 9,150 bbls per day (maximum rate of 12,400 bbls per day plus 11MMcf gas per day on 104/64 inch choke).
- At the beginning of the quarter an alliance was formed with Explore Enterprises to pursue opportunities in the Gulf of Mexico (USA).
- During the quarter Ross Carroll was appointed as Woodside's new CFO.

## PRODUCTION SUMMARY

The company's share of production and sales for the quarter ended 31 March 2005 was:

		Q1 2005	Q4 2004	Q1 2004	3 months 2005	3 months 2004
DOMESTIC GAS	Deliveries (av.tj/day)	281	261	292	281	292
LIQUEFIED NATURAL GAS (LNG)	Production (t)	460,952	495,323	317,612	460,952	317,612
	Sales Delivered (t)	464,117	489,469	324,658	464,117	324,658
	Cargoes Delivered	49	51	34	49	34
NWS CONDENSATE	Production (bbls)	2,076,605	1,946,018	2,297,167	2,076,605	2,297,167
	Sales (bbls) <sup>1</sup>	2,498,000	2,032,578	2,601,051	2,498,000	2,601,051
COSSACK OIL	Production (bbls)	1,535,093	1,271,541	1,519,222	1,535,093	1,519,222
	Sales (bbls) <sup>1</sup>	1,803,656	1,523,999	1,820,894	1,803,656	1,820,894
NWS LIQUEFIED PETROLEUM GAS (LPG)	Production (t)	32,284	29,431	29,585	32,284	29,585
	Sales (t) <sup>1</sup>	28,510	37,402	32,895	28,510	32,895
LAMINARIA OIL <sup>2</sup>	Production (bbls)	793,630	932,132	1,666,259	793,630	1,666,259
	Sales (bbls) <sup>1</sup>	719,438	704,057	2,037,534	719,438	2,037,534
LEGENDRE OIL	Production (bbls)	623,196	1,051,459	835,694	623,196	835,694
	Sales (bbls) <sup>1</sup>	797,699	1,364,818	768,623	797,699	768,623
MUTINEER - EXETER OIL	Production (bbls)	1,141	-	-	1,141	-
	Sales (bbls)	-	-	-	-	-
<b>Sub Total</b>	<b>Production (boe)#</b>	<b>13,534,898</b>	<b>13,782,204</b>	<b>13,741,880</b>	<b>13,534,898</b>	<b>13,741,880</b>
	<b>Sales (boe)#</b>	<b>14,363,367</b>	<b>14,222,583</b>	<b>14,745,921</b>	<b>14,363,367</b>	<b>14,745,921</b>

### Derived Volumes<sup>3</sup>

OHANET CONDENSATE ENTITLEMENT	Production (bbls)	330,496	344,039	385,876	330,496	385,876
	Sales (bbls)	330,496	344,039	385,876	330,496	385,876
OHANET (LPG) ENTITLEMENT	Production (t)	26,910	28,013	29,439	26,910	29,439
	Sales (t)	26,910	28,013	29,439	26,910	29,439
<b>Sub Total</b>	<b>Production (boe)#</b>	<b>550,824</b>	<b>573,398</b>	<b>626,910</b>	<b>550,824</b>	<b>626,910</b>
	<b>Sales (boe)#</b>	<b>550,824</b>	<b>573,398</b>	<b>626,910</b>	<b>550,824</b>	<b>626,910</b>

<b>TOTAL</b>	<b>Production (boe)#</b>	<b>14,085,722</b>	<b>14,355,602</b>	<b>14,368,790</b>	<b>14,085,722</b>	<b>14,368,790</b>
	<b>Sales (boe)#</b>	<b>14,914,191</b>	<b>14,795,981</b>	<b>15,372,831</b>	<b>14,914,191</b>	<b>15,372,831</b>

- 1 Woodside has adopted an entitlement method of recognising sales, commencing 1 January 2005. Prior quarter comparatives have been restated, in accordance with Australian equivalents to International Financial Reporting Standards, to reflect the sales volumes that would have been disclosed had this policy been in place during the prior quarters. Under this method any under or over lift in sales volumes for the period is adjusted to reflect the Company's proportionate share of total venture sales. Previously, sales were accounted for on a 'physical' basis, with no allowance being made for under or over lifting.
- 2 No allowance has yet been made for the sale and purchase agreement with Shell Development (Australia) Pty Ltd, to buy part of Shell's interest in the Laminaria-Corallina project. Completion is not expected until late April 2005.
- 3 Derived volumes have been calculated using a 10 year long-term average oil price (currently budgeted by Woodside at US\$24/bbl pre-tax). Prior period comparatives have been restated accordingly.

# Conversion Factors: boe = barrels of oil equivalent. (t) = Tonnes (bbls) = Barrels

Product	Factor	Conversion Factors*
Domestic Gas	1tj =	163.6 boe
Liquefied Natural Gas (LNG)	1 tonne =	8.9055 boe
Condensate	1 bbl =	1.000 boe
Oil	1 bbl =	1.000 boe
Liquefied Petroleum Gas LPG	1 tonne =	8.1876 boe

\* minor changes to some conversion factors can occur over time due to gradual changes in the process stream.

# **PRODUCTION ACTIVITIES**

## **AUSTRALIA and TIMOR SEA**

### **• North West Shelf**

- **Domestic Gas:** Production of 562 TJ per day (Woodside share: 281 TJ per day) was increased from the 522 TJ per day produced in the previous quarter, due to strong short-term demand from existing customers. Production was lower than the previous corresponding period due to the suspension, in May 2004, of BHP Billiton's HBI plant and the consequent reduction in gas delivery.
- **LNG:** Production was below the previous quarter at 30,730 tonnes per day (Woodside share: 5,122 tonnes per day) due to the previously announced shutdown of LNG Train 4 in February 2005. Since the shutdown, production rates have improved with March 2005 production averaging 33,521 tonnes per day (Woodside share: 5,587 tonnes per day).
- **Condensate:** Production was above the previous quarter at 102,427 bbl per day (Woodside share: 23,073 bbl per day) due to high system availability and higher Domgas rates.
- **Cossack Pioneer oil:** Production was above the previous quarter at 102,340 bbl per day (Woodside share: 17,057 bbl per day) due to new infill wells Wanaea-8 and Lambert-6 which came on-line at the end of December 2004. Cossack-4 well was also brought back on-line mid-March 2005 following completion of repair work.
- **LPG:** Production was above the previous quarter at 2,152 tonnes per day (Woodside share: 359 tonnes per day) due to high system availability and higher Domgas rates.

### **• Laminaria and Corallina**

- Combined production was below the previous quarter at 17,481 bbl per day (Woodside share: 8,818 bbl per day) due to a number of Laminaria wells being off-line during the period. At quarter end, about 15,500 bbl per day (Woodside share: 7,879 bbl per day) was being produced from the Corallina field.
- Following the reinstatement of the Laminaria-8 well on 5 April 2005, the Laminaria and Corallina fields were producing 22,800 bbl per day (Woodside share: 11,270 bbl per day). A workover of the Laminaria-5 well is scheduled to be completed in Q2 2005. The reinstatement of the Laminaria-2 well is now likely to occur in Q1 2006.

### **• Legendre**

- Production was below the previous quarter at 15,073 bbl per day (Woodside share: 6,924 bbl per day), due to natural decline, in particular, increasing water production from the Legendre-5H well. At the end of the quarter the facility was producing at around 14,300 bbl per day (Woodside share: 6,570 bbl per day).

### **• Mutineer-Exeter**

- Following the successful subsea installation campaign, the Floating Production Storage Offloading (FPSO) vessel was connected to the turret mooring system and first production from the Santos-operated Mutineer-Exeter Project commenced on 29 March 2005.

## **AFRICA**

### **• Ohanet**

- The Ohanet Joint Venture received the maximum US\$13.2m revenue entitlement for the three months of January to March 2005 which equates to 330,496 barrels of condensate and 26,910 tonnes of LPG.
- Ohanet is run under a Risk Service Contract with Sonatrach (Algerian National Oil Company). Under the contract, the participants receive a set rate of return up to a maximum revenue entitlement which is based on product price and volume. During 2005 the actual pre-tax revenue entitlement will be recorded each quarter and the production entitlement will be calculated on the basis of the ten year long-term average oil price (ie currently budgeted by Woodside at US\$24/bbl).

## **DEVELOPMENT ACTIVITIES**

### **AUSTRALIA and TIMOR SEA**

#### **• North West Shelf Venture**

- **Train 5:** In February 2005, Government approval was granted for the NWS Venture's submission for a fifth LNG train and supporting fractionation, compressor and power generation facilities and a second LNG shipping berth. A Final Investment Decision (FID) on this project is expected in Q2 2005, consistent with a start-up in Q4 2008, and remains subject to progress with LNG marketing and individual participant board approvals.
- **Angel Project:** The Front End Engineering Design (FEED) contract was awarded to the Eos Joint Venture in February and associated activities have started. The joint venture participants will consider FID in 2H 2005.
- **Perseus over Goodwyn:** Engineering and procurement activities have progressed well following project approval in December 2004. Linepipe manufacture is about 35% complete and a Letter of Intent has been issued to secure a Mobile Offshore Drilling Unit to meet the scheduled spud date for the first subsea well in Q1 2006.
- **Goodwyn A Low Pressure Train:** Work is progressing with a planned start-up now expected in Q2 2006.

#### **• Otway Gas Project**

- The project remains within budget and on schedule for a mid-2006 start-up. Earthworks for the Onshore Gas Plant are nearing completion and civil works are underway. Fabrication of the production platform has started with construction about 30% complete.
- The horizontal directional drilling workscope has been completed and only minor subsea work remains to prepare the site for the pipeline shore crossings.

#### **• Enfield Project**

- The project is within budget and on schedule to meet Q4 2006 start-up. The development drilling campaign is underway and progressing well. The first hull mega-block section was placed into dry dock in late February 2005 and the FPSO vessel, the '*Nganhurra*' was successfully launched in Korea on 2 April 2005.

#### **• Blacktip**

- FEED activities have been completed and the Project Execution Plan, cost estimate and implementation schedule have been developed. The Alcan gas sales agreement is conditional on receipt of Government approvals, FID and finalisation of pipeline arrangements.

### **AFRICA**

#### **• Mauritania – Areas A and B**

- The Chinguetti project remains within budget and on schedule for first oil in Q1 2006. The water injection, separation and gas compression modules have been installed on the '*Berge Helene*' FPSO. Fabrication of the mooring turret is progressing with loadout for delivery to site scheduled for Q3 2005.
- A number of issues relating to subsurface conditions have been encountered during drilling operations, resulting in increased associated drilling costs.

### **UNITED STATES of AMERICA**

#### **• Midway**

- Testing of Midway-1 was successfully concluded during March 2005. The well produced gas at 10 million cubic feet of gas a day and has been suspended pending tieback to a nearby production facility. Production from Midway is expected to commence during 2H 2005.

#### **• Neptune**

- Development studies of the Neptune field in the Atwater Foldbelt region of Central Gulf of Mexico continued during Q1 2005. FID is expected to be considered during 2H 2005.

## **EXPLORATION ACTIVITIES**

Exploration or appraisal wells drilled during the quarter were:

Name	Location	Permit or Licence Area	Woodside's Interest (%)	Remarks
Hurricane-1 *	Australia	WA-208-P	34.03	Gas discovery, commerciality to be determined
Falcone-1/1A	Australia	WA-271-P	60.00	Non-commercial discovery
Plymouth-1 *	Australia	WA-27-L	8.20	Dry Hole
Pluto-1	Australia	WA-350-P	100.00	Gas discovery
Halladale-1 DW-1 (Location Black Watch)	Australia	VIC/P 37(v)	62.50	Drilling at end of quarter

Seismic surveys conducted during the quarter were:

Region	Area or basin	Survey name	Type	3D (sq km full fold) 2D (line km full fold)
Australia	Great Australian Bight	Whidbey	2D	1,769 - completed
West Africa	Mauritania	Atar	3D	2,974 - completed
East Africa	Kenya	Pomboo	2D	3,565 - completed
North Africa	Libya	NC210	2D	3,310 - in progress
North Africa	Libya	NC208/209	3D	732 - in progress
West Africa	Mauritania	Block 7 *	3D	1,541 - completed

Planned Q2 2005 exploration wells:

Name	Location	Permit or Licence Area	Woodside's Interest (%)	Status
Halladale-1 DW-2	Australia	VIC/P 37(v)	62.50	Target gas
Petalonia North-1	Australia	AC/P 8	66.67	Target oil

\* Well or survey not operated by Woodside

## **PERMITS AND LICENCES**

Permits acquired or disposed of and licences awarded or relinquished during the quarter (some transactions may be subject to government and regulatory approval):

Location	Permit or Licence Area	Woodside's Interest (%) Increase or (Decrease)	Current Interest %	Remarks
Australia	WA-30-L	15.78	15.78	Capella Production licence award
Australia	WA-1, 2, 3, 4, 5, 6, 9, 11, 16, 23, 24-L, 7, 9, 10-R, 28-P	(0.89)	15.78	Equity sale
Australia	AC/L5	16.67	66.67	Equity purchase <sup>1</sup>
Australia	AC/P 8	(18.33)	66.67	Farm-down
Australia	NT/P 57	(66.67)	0.0	Relinquishment
Australia	WA-294-P	26.4	48.1	Equity purchase and transfer
Australia	WA-296-P	17.95	40.1	Equity purchase and transfer
Australia	WA-297-P	26.78	50.3	Equity purchase and transfer
Australia	EPP 28,29,30,31	30.0	100.0	Equity transfer
Libya	Blocks 35, 36, 52, 53	55.0	55.0	Successful bid
Liberia	Block LB-15	100.0	100.0	Successful bid

<sup>1</sup> Sale and purchase agreement with Shell Development (Australia) Pty Ltd, to buy part of Shell's interest in the Laminaria-Corallina project. Completion is not expected until late April 2005.

## **SALES REVENUE AND EXPENDITURE**

Woodside's sales revenue and exploration, evaluation and capital expenditure for the quarter were:

	<b>Q1 2005</b>	<b>Q4 2004</b>	<b>Q1 2004</b>	<b>3 months 2005</b>	<b>3 months 2004</b>
<b>Sales Revenue (A\$ millions)</b>					
<u>NWS</u>					
Domgas & LNG <sup>1, 2</sup>	213.6	230.3	160.1	213.6	160.1
Condensate <sup>1</sup>	141.6	114.3	99.2	141.6	99.2
Cossack Oil <sup>1</sup>	99.1	77.0	72.4	99.1	72.4
Liquefied Petroleum Gas	16.9	16.9	10.5	16.9	10.5
<u>Laminaria Oil</u> <sup>1</sup>	40.7	57.6	76.0	40.7	76.0
<u>Legendre Oil</u> <sup>1</sup>	41.5	65.1	33.7	41.5	33.7
<u>Ohanet</u>					
Condensate	10.1	10.7	13.0	10.1	13.0
Liquefied Petroleum Gas	6.8	7.1	8.0	6.8	8.0
<b>Total</b>	<b>570.3</b>	<b>579.0<sup>3</sup></b>	<b>472.9<sup>3</sup></b>	<b>570.3</b>	<b>472.9<sup>3</sup></b>
<b>Exploration and Evaluation Expenditure (A\$ millions)</b>					
Exploration					
Expensed	44.5	97.9	39.8	44.5	39.8
Capitalised <sup>4</sup>	3.4	(11.9)	(5.8)	3.4	(5.8)
Evaluation					
Expensed	-	8.3	-	-	-
Capitalised	37.7	42.8	21.6	37.7	21.6
<b>Total</b>	<b>85.6</b>	<b>137.1</b>	<b>55.6</b>	<b>85.6</b>	<b>55.6</b>
<b>Capital Expenditure (A\$ millions)</b>					
Oil & Gas Properties <sup>5, 6</sup>	240.6	227.0	92.6	240.6	92.6
Other Property, Plant & Equipment	0.1	1.9	4.0	0.1	4.0
<b>Total</b>	<b>240.7</b>	<b>228.9</b>	<b>96.6</b>	<b>240.7</b>	<b>96.6</b>

<sup>1</sup> Woodside has adopted an entitlement method of recognising sales, commencing 1 January 2005. Prior quarter comparatives have been restated, in accordance with Australian equivalents to International Financial Reporting Standards, to reflect the sales that would have been disclosed had this policy been in place during the prior quarters. Under this method any under or over lift in sales volumes for the period is adjusted to reflect the Company's proportionate share of total venture sales. Previously, sales were accounted for on a 'physical' basis, with no allowance being made for under or over lifting.

<sup>2</sup> Sales for Q1 2005 excludes realised gains on embedded derivatives, as required under the Australian equivalent to International Financial Reporting Standards.

<sup>3</sup> LNG ship charter revenue that was previously disclosed as revenue is now directly offset against LNG shipping expense.

<sup>4</sup> Exploration Capitalised represents expenditure on successful and pending wells, plus permit acquisition costs during the period and is net of amortisation of permit acquisition costs and well costs reclassified to expense on finalisation of well results.

<sup>5</sup> Projects which have achieved Final Investment Decision result in amounts of previously capitalised Exploration and Evaluation expenditure (from current and prior years) being transferred to Oil & Gas Properties. The table above does not reflect the impact of such transfers. The impact of the transfers will be reflected in the full-year financial report.

<sup>6</sup> Prior quarter comparatives have been adjusted to reflect revised capitalised borrowing costs determined in the transition to the Australian equivalent of International Financial Reporting Standards.