

ASX Announcement

Wednesday, 23 March 2016

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OTC: WOPEY

BROWSE DEVELOPMENT UPDATE

Woodside, as a participant in the Browse Joint Venture, advises that following completion of front-end engineering and design (FEED) work, the Browse Joint Venture participants have decided not to progress with the development at this time considering the current economic and market environment.

Since FEED entry, Woodside has been focused on delivering targeted cost savings and value enhancements. While significant progress was made to improve project value, this has been offset by an extremely challenging external environment.

Woodside CEO Peter Coleman acknowledged the high quality of technical and non-technical work completed on the Browse FEED program to enable the Browse Joint Venture participants to reach this decision.

“We have undertaken a comprehensive and rigorous process to assess all elements of the development.

“The decision represents a disciplined approach to large-scale capital investment and is consistent with our requirements for a development concept to be commercially robust across a range of scenarios.

“Woodside remains committed to the earliest commercial development of the world-class Browse resources and to FLNG as the preferred solution, but the economic environment is not supportive of a major LNG investment at this time.

“Accordingly, we will use the additional time to pursue further capital efficiencies for Browse,” he said.

Woodside will now work with the Browse Joint Venture participants to prepare a new work program and budget to progress development activities.

Woodside intends to leverage the high quality work delivered to date, which includes the involvement of the State Government to agree key principles for domestic gas and supply chain arrangements and the State and Commonwealth Governments to manage maritime boundary changes.

Woodside remains focused on satisfying its work program commitments under the Browse retention leases. The Browse retention leases were renewed in 2015 and the current term of the leases ends in mid-2020.

Woodside’s participating interest in the Browse resources is 30.6% (net Woodside 2C share of 4.9 trillion cubic feet of dry gas and 142.6 million barrels of condensate) as reported in the Woodside 2015 Annual Report.

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Notes on Petroleum Resource Estimates:

1. Unless otherwise stated, all petroleum resource estimates are quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at <http://www.woodside.com.au/Investors-Media/Announcements>, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius). Woodside is not aware of any new information or data that materially affects the information included in the Reserves Statement. All the material assumptions and technical parameters underpinning the estimates in the Reserves Statement continue to apply and have not materially changed.
2. Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects, the reference point is defined as the outlet of the floating production storage and offloading (FPSO) vessel, while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.
3. Woodside uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company or region level are aggregated by arithmetic summation by category. Note that the aggregated Proved level may be a very conservative estimate due to the portfolio effects of arithmetic summation.
4. 'MMboe' means millions (10⁶) of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.
5. The estimates of petroleum resources are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by Mr Ian F. Sylvester, Woodside's Vice President Reservoir Management, who is a full-time employee of the company and a member of the Society of Petroleum Engineers. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and more than 20 years of relevant experience.

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