

ASX Announcement

Monday, 3 December 2012

WOODSIDE ENTERS MAJOR GAS DISCOVERY OFFSHORE ISRAEL

Woodside has reached an agreement in principle to acquire a participating interest in one of the largest recent gas discoveries worldwide, which could see the company play a key role in the potential development of a liquefied natural gas industry in Israel.

The Leviathan Joint Venture participants, Noble Energy Mediterranean Ltd., Delek Drilling LP, Avner Oil Exploration LP and Ratio Oil Exploration (1992) LP, have reached agreement with Woodside on the key commercial terms under which Woodside will acquire a participating interest in each of the 349/Rachel and 350/Amit petroleum licences which contain the Leviathan field.

Under the agreement Woodside will acquire a 30% interest in the Leviathan field, which is estimated to contain about 17 trillion cubic feet of recoverable natural gas. The agreement will also allow Woodside to participate in further exploration opportunities in the Leviathan licences.

Woodside will be the operator of any LNG development of the field, while Noble Energy will remain upstream operator. Noble Energy targets initial production to the domestic gas market in 2016. A pre-FEED (front-end engineering and design) assessment for an LNG project is underway.

Woodside CEO Peter Coleman said the agreement was a significant step towards realising Woodside's ambition to secure world-class growth opportunities.

"We have a proven track record of safe and reliable operations in Australia and being selected as the Leviathan Joint Venture's preferred partner in a competitive bidding process demonstrates the value of our LNG development capabilities," Mr Coleman said.

"Acquiring an interest in these permits is an exciting opportunity to grow our portfolio in the emerging Eastern Mediterranean basin and we look forward to finalising the agreement."

The agreement involves an initial upfront payment of US\$696 million. Woodside has offered the following contingent payments:

- A payment of US\$200 million once laws permitting LNG export from Israel are in force.
- A payment of US\$350 million on a final investment decision in relation to an LNG development.
- Potential annual LNG revenue sharing payments equal to 11.5% of Woodside's incremental revenue above an agreed escalating price threshold, over the life of the project (capped at US\$1 billion).
- Carry of expenditure up to US\$50 million in relation to costs associated with the drilling of a deep oil exploration well targeted for late 2013.

The agreement is subject to a number of conditions including execution of fully termed agreements, completion of confirmatory due diligence and obtaining the necessary government and regulatory approvals.

Teleconference

A teleconference with Woodside CEO Peter Coleman for investors, analysts and media will be held from 9am - 9.30am AWST (12pm - 12.30pm AEDT) on Monday, 3 December 2012.

The teleconference will be broadcast live via Woodside's website www.woodside.com.au. An on-demand archive will also be available on the website for up to 12 months.

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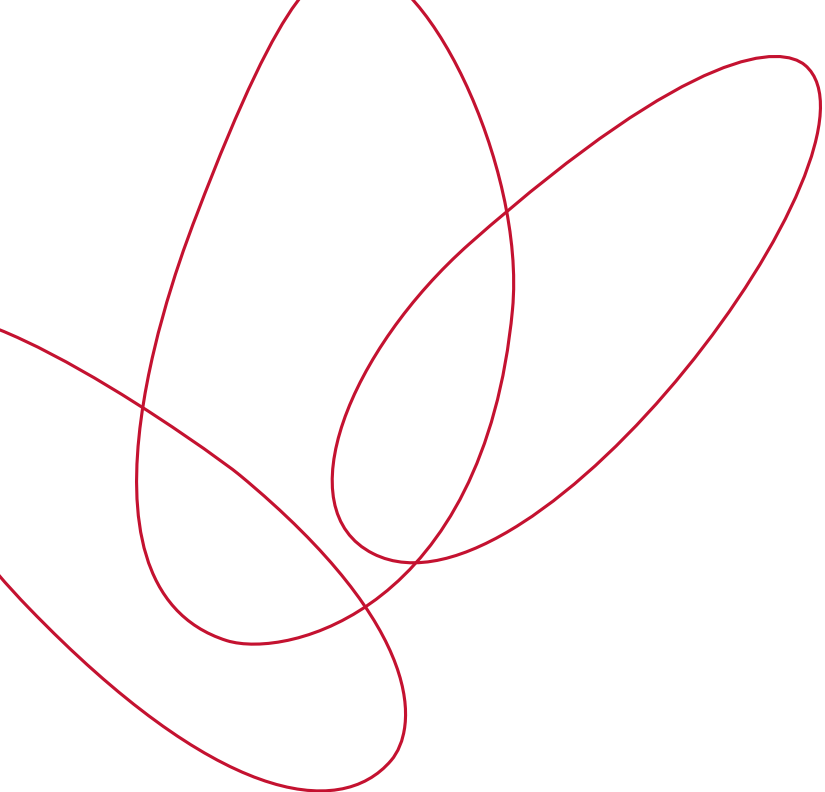
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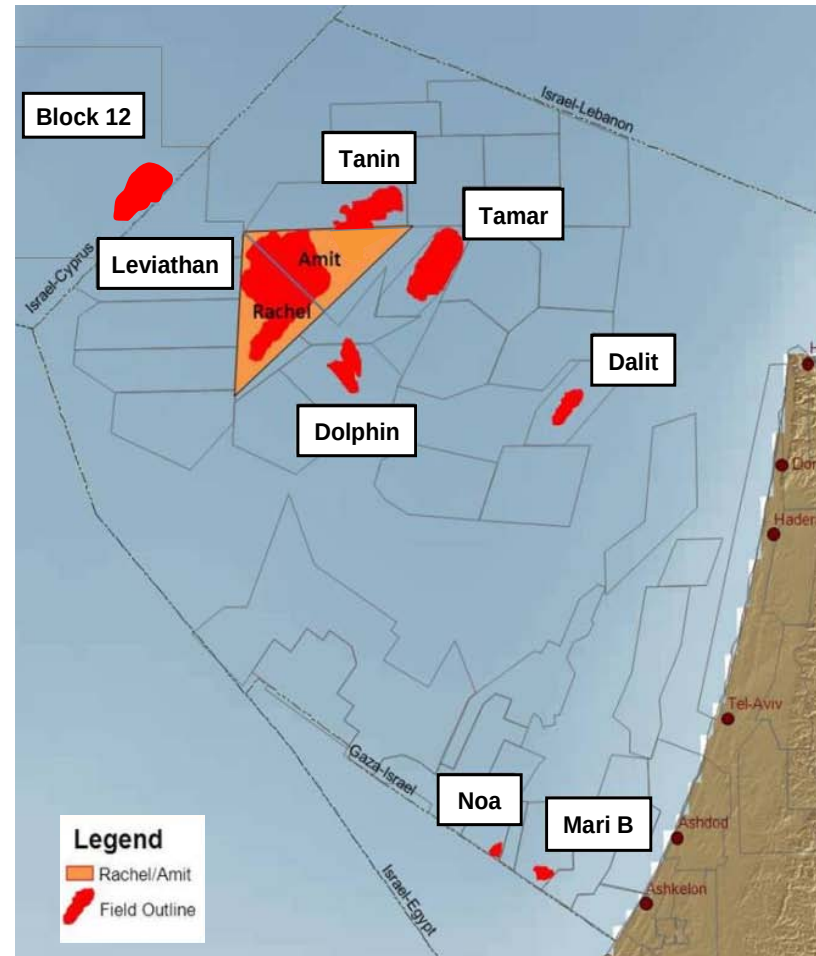


Woodside to enter major gas discovery offshore Israel

3 December 2012

Woodside to acquire stake in major gas discovery

- Acquiring 30% participating interest in 349/Rachel and 350/Amit permits:
 - 135km offshore Israel
 - water depth ~1,600m
- Covers 17 Tcf Leviathan gas field plus exploration upside
- Noble Energy overall operator
- Woodside to operate any LNG development
- Consistent with strategy to broaden portfolio of world-class resources
- Recognises Woodside's LNG capabilities



Location of Leviathan gas field in the Rachel and Amit permits

World-class Leviathan gas field with exploration upside



- Estimated recoverable volume ~17 Tcf*
- Defined by high quality 3D seismic
- Leviathan 4 well currently drilling
- Thick Upper Oligocene–Lower Miocene basin floor fan sand complex
- High net to gross, average porosity 23%, permeability ~ 500mD, low inerts
- Flow test confirms well capability of 250 MMcf/d, reservoir quality supports competitive cost development
- Plan to drill deeper prospect in late 2013. Operator indicates potential target size of 1,340 MMboe[#]



Risk managed entry through staged payments

Agreement involves an initial upfront payment of US\$696 million with staged contingent payments of:

- US\$200 million once laws permitting LNG export from Israel are in force.
- US\$350 million on a final investment decision in relation to an LNG development.
- Potential annual LNG revenue sharing payments equal to 11.5% of Woodside's incremental revenue above an agreed escalating price threshold over the life of the project (capped at US\$1 billion).
- Carry of expenditure up to US\$50 million in relation to costs associated with the drilling of a deep oil exploration well targeted for late 2013.

Note: Subject to conditions including execution of fully termed agreements, completion of confirmatory due diligence and obtaining the necessary government and regulatory approvals

Joint venture equity

The existing joint venture participants are transferring a minority share of their interests to support Woodside's entry:

	Existing equity	Equity transfer	Following completion
Noble Energy Mediterranean Ltd (Operator)	39.66%	9.66%	30.00%
Woodside	0.00%		30.00%
Delek Drilling LP*	22.67%	7.67%	15.00%
Avner Oil Exploration LP (part of the Delek Group)*	22.67%	7.67%	15.00%
Ratio Oil Exploration (1992) LP*	15.00%	5.0%	10.00%

* Applicable overriding royalties result in an estimated effective net revenue interest for Woodside of 28.2%



Significant development plans

- Consistent with Interministerial Gas Policy Committee (Tzemach) findings, between 25-50% of Leviathan gas could be produced into growing Israeli gas market. Remainder available for export
- Subject to FID, Noble targets initial production to the domestic gas market in 2016
- Robust growth in domestic gas market. Expected to lift to ~350 Bcf* by 2016 (up from 246 Bcf in 2011). Recent domestic gas contract prices range from US\$5.00 to US\$8.50/mmbtu
- LNG export pre-FEED[#] assessment underway
- High quality reservoir supports competitive cost development with access to Asian and European markets

* Source: Israeli Ministry of National Infrastructure.

FEED: front-end engineering and design