

ASX Announcement

Thursday, 18 July 2013

SECOND QUARTER REPORT FOR PERIOD ENDED 30 JUNE 2013

Woodside achieved second quarter production volumes of 20.0 million barrels of oil equivalent (MMboe). Sales revenue was US\$1,345 million.

Woodside recorded a 23% increase in production compared to the corresponding half in 2012, largely due to the full half-year of production at the Pluto LNG Plant.

During the quarter Woodside successfully completed the first planned shutdown of the Pluto LNG Plant, in addition to a major planned shutdown at the North West Shelf Karratha Gas Plant. A subsequent unplanned shutdown at Pluto led to a revision in the 2013 production target range. Production has since resumed at the plant.

Comparative performance at a glance

Corresponding quarter, prior year		Q2 2013	Q2 2012	Change %
Production	MMboe	20.0	20.1	- 0.6%
Sales	MMboe	20.2	18.6	+ 8.3%
Revenue	\$ million	1,345	1,431	- 6.0%
Previous quarter		Q2 2013	Q1 2013	Change %
Production	MMboe	20.0	21.9	- 8.6%
Sales	MMboe	20.2	21.7	- 6.9%
Revenue	\$ million	1,345	1,445	- 6.9%

All dollar amounts are in US dollars unless otherwise stated

Key Points:

- Production volumes were in line with the corresponding period. Sales revenue decreased 6% predominantly due to lower oil volumes as a result of the Vincent FPSO being off station for planned shipyard maintenance. This resulted in lower average realised prices. The average Brent price for the quarter was \$103.35/bbl, down from \$108.76/bbl in the corresponding period.
- Production was 8.6% lower than the previous quarter, largely due to planned North West Shelf and Pluto maintenance coupled with an unplanned Pluto LNG outage.

Highlights

- **Browse:** Woodside announced in April 2013 that the proposed Browse LNG Development near James Price Point did not meet the company's commercial requirements for a positive final investment decision. Woodside subsequently entered into an agreement with Shell that sets out the key principles that would apply if the Browse resources are developed using Shell's Floating LNG (FLNG) technology.
- **Dividends:** During the quarter Woodside paid a special dividend of US\$0.63 per share. The Board also advised that the company will target a dividend payout ratio of 80% of underlying net profit after tax which is expected to be maintained for several years (refer ASX release dated 23 April 2013).
- **Ireland:** During the quarter two separate offers to farm-in to offshore blocks located in the prospective Porcupine Basin off Ireland were accepted. Both offers are subject to the execution of fully-termed agreements, completion of due diligence and other necessary approvals.

Production Summary

Woodside's share of production and sales for the quarter ended 30 June 2013 with appropriate comparatives:

		Q2 2013	Q1 2013	Q2 2012	Year to date 2013	Year to date 2012
NWS PIPELINE NATURAL GAS ^{1,2}	Production (TJ)	20,359	19,985	20,401	40,344	40,628
	Sales (TJ)	20,359	19,985	20,401	40,344	40,563
NWS LIQUEFIED NATURAL GAS (LNG)	Production (t)	547,303	612,649	558,477	1,159,952	1,129,886
	Sales Delivered (t)	571,152	590,933	538,829	1,162,085	1,085,929
	Cargoes Delivered	59	60	57	119	111
NWS CONDENSATE	Production (bbl)	1,685,174	1,644,567	1,624,767	3,329,741	3,569,604
	Sales (bbl)	1,814,601	1,763,553	1,164,054	3,578,154	3,311,770
NWS OIL	Production (bbl)	992,928	694,640	842,033	1,687,568	1,424,320
	Sales (bbl)	1,046,311	629,667	778,179	1,675,978	1,405,889
NWS LIQUEFIED PETROLEUM GAS (LPG)	Production (t)	27,549	27,767	28,807	55,316	65,110
	Sales (t)	35,483	21,464	28,074	56,947	64,328
PLUTO LIQUEFIED NATURAL GAS (LNG)	Production (t)	770,888	972,101	539,608	1,742,989	539,608
	Sales Delivered (t)	798,913	896,487	491,984	1,695,400	491,984
	Cargoes Delivered	13	15	8	28	8
PLUTO CONDENSATE	Production (bbl)	553,066	718,004	460,621	1,271,070	461,734
	Sales (bbl)	360,253	885,307	0	1,245,560	0
LAMINARIA-CORALLINA OIL	Production (bbl)	325,643	307,344	365,034	632,987	736,898
	Sales (bbl)	160,755	256,796	471,520	417,551	1,168,752
MUTINEER-EXETER OIL ³	Production (bbl)	0	0	38,824	0	79,037
	Sales (bbl)	0	0	0	0	49,040
ENFIELD OIL	Production (bbl)	508,857	331,010	612,345	839,867	1,420,034
	Sales (bbl)	445,910	417,829	758,986	863,739	1,521,610
STYBARROW OIL	Production (bbl)	405,172	328,157	626,699	733,329	1,243,591
	Sales (bbl)	287,286	552,744	851,213	840,030	1,402,913
VINCENT OIL	Production (bbl)	0	0	2,005,178	0	2,813,633
	Sales (bbl)	0	221,051	1,654,002	221,051	2,652,441
GULF OF MEXICO PIPELINE NATURAL GAS ⁴	Production (MMBtu)	249,346	237,759	143,112	487,105	261,407
	Sales (MMBtu)	249,346	237,759	143,112	487,105	261,407
GULF OF MEXICO CONDENSATE ⁴	Production (bbl)	587	219	133	806	300
	Sales (bbl)	587	219	133	806	300
GULF OF MEXICO OIL ⁴	Production (bbl)	186,373	201,688	168,169	388,061	333,572
	Sales (bbl)	186,373	201,688	168,169	388,061	333,572
Total	Production (boe) #	19,996,233	21,876,504	20,120,937	41,872,737	34,175,307
	Sales (boe) #	20,167,407	21,661,351	18,618,299	41,828,758	33,106,261

1 Woodside's equity share is 50% of the first 414 TJ per day and 16.67% for all gas produced above this amount.

2 Sales volumes exclude sales of natural pipeline gas to the Woodside-operated Pluto LNG Plant during the Pluto commissioning phase.

3 Woodside signed a sale and purchase agreement with Santos on 21 December 2012 to sell its 8.2% interest in the Santos-operated Mutineer-Exeter oil project with effect from 1 July 2012. The agreement completed on 26 February 2013.

4 Production and sales volumes are reported net of royalties.

Conversion Factors are identified on page 7.

Sales Revenue and Expenditure

Woodside's share of sales revenue and exploration, evaluation and capital expenditure for the quarter ended 30 June 2013, with appropriate comparatives:

<i>Amounts in US\$ million</i>		Q2 2013	Q1 2013	Q2 2012	Year to date 2013	Year to date 2012
Sales Revenue						
North West Shelf	Pipeline Natural Gas ¹	87.6	89.1	86.3	176.7	172.8
	LNG	394.7	411.1	381.7	805.8	747.3
	Condensate	176.7	191.9	120.8	368.6	364.1
	Oil	109.2	73.8	75.2	183.0	155.8
	LPG	26.8	21.0	25.0	47.8	64.7
Pluto	LNG	400.2	371.7	303.7	771.9	303.7
	Condensate	35.5	97.2	0	132.7	0
Laminaria-Corallina	Oil	15.9	26.8	52.9	42.7	128.7
Mutineer-Exeter²	Oil	0.0	0.2	3.4	0.2	7.1
Enfield	Oil	46.7	47.8	83.8	94.5	182.0
Stybarrow	Oil	31.0	66.7	101.3	97.7	167.0
Vincent	Oil	0.0	24.9	178.3	24.9	297.8
Gulf of Mexico³	Pipeline Natural Gas	1.4	1.2	0.7	2.6	1.2
	Condensate	0.1	0.0	0.0	0.1	0.0
	Oil	19.1	21.5	17.5	40.6	35.3
Total		1,344.9	1,444.9	1,430.6	2,789.8	2,627.5
Exploration and Evaluation Expense						
Exploration Expensed		85.4	84.0	92.9	169.4	112.9
Permit Amortisation		6.8	7.1	6.8	13.9	13.5
Evaluation Expensed		11.1	2.2	1.9	13.3	3.5
Total		103.3	93.3	101.6	196.6	129.9
Capital Expenditure						
Exploration Capitalised ^{4,5}		(33.7) ⁶	31.1	6.5	(2.6)	36.6
Evaluation Capitalised ⁵		38.8	50.7	93.0	89.5	199.0
Oil and Gas Properties ⁵		118.3	110.9	250.7	229.2	761.9
Other Property, Plant and Equipment		6.0	4.1	0.3	10.1	0.7
Total		129.4	196.8	350.5	326.2	998.2

1 NWS sales revenue excludes sales of natural pipeline gas to the Woodside-operated Pluto LNG Plant, during the Pluto commissioning phase.

2 Woodside signed a sale and purchase agreement with Santos on 21 December 2012 to sell its 8.2% interest in the Santos-operated Mutineer-Exeter oil project with effect from 1 July 2012. The agreement completed on 26 February 2013.

3 Gulf of Mexico revenue is reported net of royalties.

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

5 Project Final Investment Decisions (FID) 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.

6 The negative capitalised exploration amount primarily reflects a well previously capitalised during drilling which has subsequently been expensed.

Production Activities

Field	Woodside share		Full field		Remarks
	Q2 2013	Q1 2013	Q2 2013	Q1 2013	
Australia NWS - Average daily production					
Pipeline gas (TJ)	224	222	514	504	Production was driven by customer demand for the quarter.
LNG (t)	6,014	6,807	38,665	42,062	Production was lower due to the previously advised planned maintenance activities on LNG Train 2.
Condensate (bbl)	18,518	18,273	88,496	86,782	Production was higher due to increased offtake from condensate rich reservoirs in comparison with Q1 which was impacted by cyclone activity.
Oil (bbl)	10,911	7,718	32,734	23,155	Production from the Okha FPSO was higher due to improved facility utilisation. This was an outcome of a reduction in cyclone activity from Q1 and better facility reliability in Q2. At the end of the quarter, production was approximately 36,000 bbl/day (Woodside share 12,000 bbl/day).
LPG (t)	303	309	1,920	1,901	Production was lower in line with reduced LNG production due to planned maintenance activities on LNG Train 2.
Australia Pluto – Average daily production					
LNG (t)	8,471	10,801	9,413	12,001	Production was lower due to a planned maintenance shutdown in April and an unplanned shutdown of the LNG train in late June. Production resumed following the end of the quarter.
Condensate (bbl)	6,078	7,978	6,753	8,864	Condensate production was lower in line with gas system utilisation.
Other Australia - Average daily production					
Laminaria-Corallina Oil (bbl)	3,579	3,415	5,659	5,367	Production was higher due to higher facility uptime and steady oil production, partially offset by natural reservoir decline. At the end of the quarter, production was approximately 5,510 bbl/day (Woodside share 3,500 bbl/day).
Enfield Oil (bbl)	5,592	3,678	9,320	6,130	Production was higher due to higher facility uptime, partially offset by natural reservoir decline. This was an outcome of a reduction in cyclone activity from Q1 and better facility reliability in Q2. At the end of the quarter, prior to a planned maintenance shutdown, production was approximately 11,600 bbl/day (Woodside share 6,960 bbl/day).
Stybarrow Oil (bbl)	4,452	3,646	8,905	7,292	Production was higher due to higher facility uptime, partially offset by natural reservoir decline. At the end of the quarter, production was approximately 8,800 bbl/day (Woodside share 4,400 bbl/day).
Vincent Oil (bbl)	0	0	0	0	During the quarter the Ngujima-Yin FPSO was in Singapore for planned shipyard maintenance. Production is now anticipated to recommence in October 2013.
United States - Woodside share average daily production					
	Q2 2013	Q1 2013			
Gas (MMBtu)	2,740	2,642	Production for the period increased due to continued reliable production from the Power Play PL-A zone; partially offset by transportation facility maintenance downstream from Power Play and natural field decline.		
Oil and Condensate (bbl)	2,055	2,243	Production for the period declined due to transportation facility maintenance downstream from Power Play and natural field decline; partially offset by continued reliable production from the Power Play PL-A zone.		

Development and International Activities

Australia

Browse LNG

On 12 April, Woodside announced that the James Price Point development concept did not meet the company's commercial requirements for a positive final investment decision. Subsequently the Joint Venture participants commenced evaluation of other development concepts to commercialise the Browse resources.

Woodside further announced on 30 April that it had entered into an agreement with Shell that sets out the key principles that would apply if the Browse resources are developed using Shell's FLNG technology.

The Browse Joint Venture participants are working towards selection of a development concept.

During the quarter, the Browse Joint Venture participants applied for a variation to the Browse retention lease conditions.

Pluto LNG

Work progressed on front-end engineering and design for Xena, with a final investment decision planned for 2013. Xena is part of the foundation Pluto LNG Project.

North West Shelf

North Rankin Redevelopment Project: Hook-up and commissioning activities on the North Rankin B platform continue to progress. The project remains on budget and is scheduled for start-up in 2013. Once completed the project will access 5 Tcf of discovered, undeveloped low-pressure gas reserves (100% project).

Greater Western Flank Phase 1 Project: Engineering, procurement and fabrication activities are progressing to plan. In Q4 we expect to complete the two Goodwyn GH wells and commence pipeline installation. The project remains on budget and on schedule for start-up in early 2016.

International

Sunrise LNG

Woodside is waiting on the outcome of international arbitration between the Timor-Leste Government and the Australian Government, relating to the Treaty on Certain Maritime Arrangements in the Timor Sea.

Leviathan

During the quarter work continued to convert the in-principle agreement to take 30% equity in the Leviathan field into a fully termed agreement. The Israeli Government set out its policy framework for the export of natural gas on 23 June 2013.

Woodside is studying the implications of the Government's decision.

Exploration and Appraisal Activities

Outer Canning Basin (Operator) – Woodside 55%

During the quarter processing and interpretation of the 3D seismic data from the 2012 seismic survey continued. The Deepwater Millennium drill rig was secured for an eight well drilling program in 2014 and 2015.

Myanmar

During Q2 processing of the Padauk 3D marine seismic survey for Block A-6 continued. Final processing of the data acquired during Q1 2013 is expected in Q1 2014. Woodside plans to acquire more than 1000 km² of 3D seismic in the deepwater portion of block AD-7 later in 2013.

Ireland

During the quarter two separate offers to farm-in to offshore blocks located in the prospective Porcupine Basin off Ireland were accepted, subject to the execution of fully-termed agreements, completion of due diligence and other necessary approvals.

Petrel Resources plc has accepted Woodside's offer to acquire 85% participating interest in Licensing Option 11/6 (comprising offshore blocks 45/6, 45/11 and 45/16) and Licensing Option 11/4 (comprising offshore blocks 35/23, 35/24 and 35/25).

Bluestack Energy Limited has accepted Woodside's offer to acquire 90% participating interest in Licensing Option 11/3 (comprising blocks 35/25(e), 35/30, 36/21, 36/26, 44/5(p) and 45/1).

Both offers also include any subsequent frontier exploration licenses that are granted in respect of the licensing options.

Exploration or appraisal wells drilled during Q2 2013

Well Name	Basin/ Area	Target	Woodside Interest (%)	Spud Date	Water Depth ¹ (metres)	Total Well Depth ² (metres)	Remarks
INTERNATIONAL							
Panoramix-3	Santos Basin, BM-S-48	Oil	12.50	03/05/2013	158	3,846	Appraisal
Vampira-1 ³	Santos Basin, BM-S-48	Oil	12.50	19/06/2013	133	5,050	Appraisal; re-entry

Notes:

- 1 Water depth measured at lowest astronomical tide (LAT).
- 2 Reported depths referenced to the rig rotary table.
- 3 Original spud date on 07/05/2009 with an oil discovery. Well re-entered for appraisal.

Exploration or appraisal wells planned to commence in Q3 2013

Well Name	Basin / Area	Target	Woodside Interest (%)	Water Depth (metres) ¹	Proposed Total Depth (metres) ²	Remarks
AUSTRALIA						
Minarelli-1	Carnarvon Basin, WA-28-L	Oil	60.00	427	2,295	Exploration
Stybarrow East-1	Carnarvon Basin, WA-32-L	Oil	50.00	675	2,474	Exploration

Notes:

- 1 Water depth measured at lowest astronomical tide (LAT).
- 2 Reported depths referenced to the rig rotary table.

Geophysical surveys conducted during Q2 2013

Location	Survey name	Type	2D (line km full fold) 3D (km ² full fold) 4D (km ² full fold)
AUSTRALIA			
WA-465-P, WA-467-P, WA-472-P, WA-473-P	Polly 3D MSS (Beagle Basin exploration)	3D	2,673 km ² of 7,425 km ² in Q2 (Complete)

Permits and Licences

Key changes to permit and licence holdings during the quarter are noted below (some transactions may be subject to government and regulatory approval).

Region	Permit or Licence Area	Change in Interest (%) Increase or (Decrease)	Woodside's Current Interest %	Remarks
AUSTRALIA				
Carnarvon Basin	WA-433-P	24.23	69.23	Equity acquisition
Carnarvon Basin	WA-483-P	100.00	100.00	Equity acquisition
INTERNATIONAL				
Porcupine Basin (Ireland)	Licensing Option 11/6 and Licensing Option 11/4	85.00	85.00	Equity acquisition ¹
Porcupine Basin (Ireland)	Licensing Option 11/3	90.00	90.00	Equity acquisition ¹
UNITED STATES				
GOM	MC 902/25107	(100.00)	0.00	Equity disposal
GOM	AT 141/24221	(23.00)	0.00	Equity disposal

Note:

1 Subject to final agreements and regulatory approvals.

Corporate Activities

Production for 2013

Woodside advised on 3 July that its production target range for 2013 had been revised to 85 to 89 MMboe (previously 88 to 94 MMboe).

Credit Rating

At the end of June Standard & Poor's affirmed Woodside's BBB+ credit rating and revised the outlook to positive as a result of strengthened credit metrics.

Preliminary 2013 Half-Year income statement, line item guidance

The following numbers are provided as an indicative guide on a pre-income tax basis and are subject to external audit processes and Woodside Board approval of the 2013 Half-Year Financial Statements.

Depreciation, Depletion and Amortisation (DD&A)

The DD&A cost for Half-Year 2013 is anticipated to be in the range of \$590 million to \$620 million. This is higher than the previous corresponding period largely due to a full half-year of production at the Pluto LNG Plant.

Impairments

The impairment cost for Half-Year 2013 is anticipated to be in the range of \$120 million to \$140 million. This is largely related to Cimatti-Enfield tieback concept no longer being taken forward (refer ASX release dated 18 April 2013), continuation of amortisation of Pluto train 2 and train 3 front-end engineering and design work; and a small Neptune charge.

Petroleum Resource Rent Tax (PRRT)

PRRT for Half-Year 2013 is anticipated to be in the range of \$80 million to \$100 million **benefit**. This reflects the underlying business performance and the offsetting impact of augmentation on carry forward deductible expenditure.

Half-Year Results

Woodside advises that on 21 August 2013 the Half-Year report (incorporating the Appendix 4D) for the period ending 30 June 2013 and the associated investor briefing slide presentation will be available on Woodside's website at www.woodside.com.au. A webcast briefing including investor, analyst and media questions will also be available on Woodside's website from 10am WST on 21 August 2013.

CONVERSION FACTORS

(boe) = barrel of oil equivalent (TJ) = Terajoules (t) = tonne (bbl) = barrel (MMBtu) = Million British Thermal Units

(MMcfcg) = million cubic feet of gas (Bcf) = billion cubic feet of gas (kt) = thousand tonnes

Product	Factor	Conversion Factors*
Australian Pipeline Natural 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
Gulf of Mexico Pipeline Natural Gas	1 MMBtu =	0.1724 boe

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

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