

ASX Announcement

Wednesday, 11 December 2013

ASX: WPL
OTC: WOPEY

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INVESTOR UPDATE

On Tuesday, 10 December 2013 at 8.00am AWST Woodside hosted an Investor Update briefing teleconference.

The transcript of the briefing is attached, which includes clarifications to questions raised during the call.

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Company: Woodside Petroleum Ltd.
Title: Investor Update Conference Call
Date: 10 December 2013
Time: 8am AWST

Start of Transcript

Operator: Ladies and gentlemen, thank you for standing by and welcome to the 2013 investor update conference call. At this time, all participants are in a listen only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question, you will need to press star one on your telephone keypad. I must advise you that this conference is being recorded today, Tuesday 10 December 2013. I would now like to hand the conference over to your speaker, CEO and Managing Director, Mr Peter Coleman. Thank you. Please go ahead.

Peter Coleman: Good morning, everybody. Thanks for joining us on what's really a beautiful summer's day here in Perth. You'll have seen from our investor update released this morning to the ASX which provides our latest information on Woodside's current activities as well as the forecasts in 2014. Joining me this morning for the update, Rob Cole, our Executive Director and EVP Corporate and Commercial, our CFO, Lawrie Tremaine. I look forward to your questions to both Rob and Lawrie to share the load during the conference call.

Before we open it up to Q&A, I'd just like to spend a couple of minutes highlighting some of the key items if I may. First item, really very pleased to report that we have the Vincent FPSO back on station. She's been performing well. Based on this morning's production report, we can assure you that the work we've done during the dry docking in Singapore has been well worth it for us. We're glad to get her back after a long period of maintenance. Unfortunately the maintenance ran over our original schedule but really fell within the uncertainty of these types of activities. So she's back up and running and we look forward to a full year of production from her next year.

On the production side, while our targeted 2014 production of 86 million to 93 million barrels of oil equivalent represents a continued upward trend on an annual basis, we do understand this increase may be below some of the analysts' expectations. I'll spend a couple of moments just explaining that so we can get that into context if we may. The main reasons really include the expiry of some domestic gas contracts on the North West Shelf. These were low margined contracts and so we'll be redirecting some of that gas rather than recontracting it.

We also have a very busy schedule of planned shutdowns this coming year, including North West Shelf's Trains one and three. This will get us back onto our programmatic schedule. We missed some or deferred some of these shutdowns three or four years ago. Now we're into a mode of ensuring that we get back onto a regular programmatic schedule for it. We've taken a very careful look at the duration of

these shutdowns this year. And, I can assure you the expected durations are on a P90 basis for us. The reason for that is complexity in the number of shutdowns that we have this year, so we've taken a conservative view in that regard and particularly learning off the turnarounds that we've had this year.

On other business, Woodside continues to deliver on our strategy to pursue exploration-led portfolio growth. If you recall, we said we would create value in a number of areas of the business. The exploration portfolio was one that was clearly in need of some additional work, and in the recent weeks, that work has led to us entering into two new basins in New Zealand and, of course, additional acreage offshore Ireland.

As you can see on page two of the update, we've got a very solid program of seismic and drilling activities scheduled for 2014 with, I think, a nice balance between mature, emerging and frontier basin prospects. You can expect we'll continue to grow this portfolio through 2014 and get into a more active mode of working our portfolio over the coming years.

In our development activities, we've made some good progress. The North Rankin development project started up in October. Two of the three processing trains are now up and running fully. We expect the third one to be online in the next few weeks. Persephone, the next major gas development for the North West Shelf entered FEED in 3Q of this year and is on track for FID in 2014.

In terms of our growth projects, we made a quick turnaround on Browse during 2013, meaning that we're well underway now into basis of design activities heading into the new year. We expect early costings for that project to be available through the first quarter, second quarter of next year in preparation for us to make a FEED decision around the end of the first half of 2014 with an FID into 2015.

As you know, we also continued to work hard on finalising our entry into the Leviathan joint venture. It's taken longer than we expected. There's been a number of matters to resolve both within the joint venture and also in the regulatory framework. I must say the regulatory framework is moving forward. We're also continuing our negotiations with the joint venture partners. With respect to expenditure, what that means is we've moved a large amount of expenditure that was contingent for 2013. We've moved that now into 2014 and you see that in the charts.

Then finally on our marketing activities, we're progressing well as we look to deliver additional value down the molecule chain. We've indicated to market previously that a significant amount of Woodside's equity volumes are under price reviews. I'm sure I'll get lots of questions on this this morning. I would just ask you to please help me through that, because it's a very sensitive time with many of our customers as they're also going through their own price review process. And as part of that, we've also opened a trading office in Singapore, and we've registered our latest LNG carrier, Goode - the Woodside Goode. She will trade out of Singapore and is already trading.

In summary, 2013 has been a year in which we delivered our key commitments. We remained focused on shareholder value creation and on capital discipline. You can see we're making good progress in

each areas of our strategy and laying a very solid foundation for 2014 and beyond. With that as an opening, we thought today was probably best to open it up to a day where we had mostly questions and so I would welcome your questions. Please remember that Lawrie and Rob are here to help as well.

Operator: Ladies and gentlemen, we'll now begin the question and answer session. If you wish to ask a question, please press star one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press the pound or hash key. Your first question comes from the line of Mark Greenwood of Citi. Please ask your question.

Mark Greenwood: (Citi, Analyst) Good day, Peter. Just a question on the domestic gas business from the North West Shelf and the decline there. I guess we don't have a lot of visibility on those contracts and when they expire, a 1.5 MMboe drop you've indicated in 2014. I was just wondering whether you could talk a little more to the strategy there, whether you plan on renewing any domestic gas contracts or whether you're going to preferentially produce that as LNG, the remaining North West Shelf preserves. And then perhaps just directionally, do we continue to expect a similar decline again in 2015? How does that profile look for the rest of the decade? Lastly, when do you expect or could you give us an update on when Woodside's share of that domestic gas will fall to one-sixth from the current levels of 40-something per cent?

Peter Coleman: All right, well, I've got three questions in there, Mark, around dom gas. Firstly with respect to dom gas versus LNG, we're very happy to sell into the dom gas market as you know. The market itself, though, is going to get a lot of new supply coming into it over the next two to three years, particularly as Gorgon streams. So, I would say it's a competitive market at the moment on dom gas. Our target in that market is to ensure that we get LNG netback prices or equivalent to that. So I would say to you, whether it goes to LNG or whether it goes to dom gas, the focus here for us is to create additional value through ensuring that we get equivalent pricing mechanisms. The challenge will be whether there is actually a market there that we can get into. Current projections indicate - at least industry projections indicate that there will be sufficient supply into that market for the existing demand for a few years. So at the moment, that also then plays into our strategy around having optionality with respect to our trading vessels in case some of those domestic gas contracts are not able to be secured at the prices that we're looking for.

On decline itself, it's a good question and I'll take it on notice if I may. I don't expect a decline in 2015. It's certainly not something, as we were talking through our long-term forecasting, that came to my attention, so I'll take that on notice if I can. We'll post an answer to that particular question after the call.

The other question then was when do we come down to one-sixth? It's out towards the end of this decade. It is coming. As you know, it's volume related. So again, if you don't mind, we'll take that question on notice. I'll just make sure that we give you something that's well thought through in that regard *[Clarification: Please refer to slide 9 of 29 May 2012 Investor Site Tour pack which was released to the ASX and is available through the Woodside website]*.

Mark Greenwood: (Citi, Analyst) Thanks very much, Peter.

Operator: Your next question comes from the line of Hugh Morgan of Deutsche Bank. Please ask your question.

Hugh Morgan: (Deutsche Bank, Analyst): Thank you for hosting the call today. I had a question around Leviathan and the process that's occurring there. You've probably seen the press reports. Some of your potential JV partners are talking about an export pipeline into Turkey as an option. If I look back to when you announced the proposed transaction late last year, a number of the milestones were linked to LNG and LNG development. I'm just wondering whether there is potential in terms of changing some of the parameters of your proposal or whether the potential to change the nature of that project might be impacting how things are progressing there.

Peter Coleman: Yes, it's a good question, Hugh. There's a lot of moving parts on Leviathan. If I could probably go back to the one that has been played out more in the public space which has been around the regulatory framework, if you recall at the time we struck or we made the initial offer to the joint venture, we structured it in a way that was based on a report that had been commissioned within Israel called the Tzemach report. That recommended a certain amount of export volumes go out of - or be allowed out of Israel. Our whole investment parameters was based on that particular report.

At the time, we were coming up to an election period and some of those matters were not resolved prior to the election. They've now been resolved and then also have been successful in holding off a Supreme Court appeal as well with respect to the Cabinet's ability to make the decisions around exports. So from - what has the last 12 months delivered us? It's delivered us certainty around the volumes of export that can be delivered out of Leviathan. The second part to that though was Cabinet requested the Finance Ministry review the current tax legislation, particularly with respect to exports, both LNG and pipeline and we have made submission to that particular review and we expect that there'll be a finalisation of that within the next 60 days or so, is the timeline. So if you want to talk about getting certainty at least in the fiscal regulatory space that's where it's going.

With respect to the joint venture partners, we've reengaged with the partners and all I can tell you - and we're actively reengaged with the partners. All I can tell you at this point is there's still an opportunity for Woodside to create significant value within the joint venture, but I can assure our shareholders that first and foremost we are focused on ensuring that we have a commercial outcome that delivers value to us, and it needs to be a compelling value case given the amount of investment that would be involved and the significance of the decision. We're staying very focused on that. We're not in it to do a deal for a deal, we have other options that we're also pursuing and in this case we're ensuring that whatever we do, if we do enter into this joint venture it's done in a way that it's a commercially sensible outcome for all of us.

Hugh Morgan (Deutsche Bank, Analyst): Okay, great. Thanks, Peter.

Operator: Your next question comes from the line of Stuart Baker of Morgan Stanley. Please ask your question.

Stuart Baker (Morgan Stanley, Analyst): Morning, gentlemen. Just a couple of specific questions regarding your guidance and then perhaps a more general one later. Firstly, with respect to your guidance on oil production, you indicate that you expect a field-wide decline of 1.3 million barrels across all the oil assets. Is that after a consideration of the plus 4 MMboe from Vincent or does it exclude that plus 4 MMboe from Vincent?

Peter Coleman: No, Stuart, that's not a net number so - sorry, it is a net number. So you add the 4 MMboe - and Vincent will have its own decline. So Vincent might have started at 4.2 MMboe and ends up at 3.8 MMboe - as an example, I don't know what the number is. The number you see there will be a bottom line netted off number. So add the 4 MMboe in then take off the 1.3 MMboe across all of the fields and you've got a bottom line number.

Stuart Baker (Morgan Stanley, Analyst): Okay, got that. That's clearer, thank you. The second question is just relating to the Xena tie-in which was approved just recently. I think the gross figure, \$370 million for phase one and I presume that's the little red blob in your 2014 CapEx guidance. Two questions that leads to, I presume the balance of that will spill into 2015, and the second question is beyond the Xena tie-in - this is for phase one - are there other phases into the future, for example for other Xena wells and/or at some point in several years' time, sub-sea compression for example. I'm just trying to get a feel for what sort of CapEx slumps there might be in five years, 10 years or whatever, to maintain deliverability?

Peter Coleman: Right. There's two parts to that, Stu. Yes, there will be a little bit of carryover into 2015. It's small but there'll be some carryover. The second part to your question is will there be another well and a tie-in? Yes, there will be but it's a few years out from now. So the base infrastructure, the template, the pipelines and so forth will be installed during this phase, also the receiving facilities and then the next phase, which is a few years out, will be just simply a single well tie-in. And that will do Xena. As you recall, Xena was part of the original development plan for Pluto and we've taken an opportunity to accelerate some of that activity at this point. It makes a lot of sense for us, to be honest, and improves our reliability in the field.

On compression, we're a few years out on compression and we're actually - our current investment case assumes a conventional compression outcome, which would be a fixed facility with compression facilities on that. We are pursuing a case though that could in fact see compression go sub-sea. So if you wanted to look at a low CapEx case for us into the future, one of the options we are considering at this point is whether we get comfortable with a sub-sea case. I think we're about two years off making that particular decision as to whether it will be a conventional compression or whether it will be a sub-sea compression in that regard. Does that answer your questions?

Stuart Baker (Morgan Stanley, Analyst): Yes it does, very thoroughly. Thanks very much, Peter.

Peter Coleman: All right, thanks. Before we take the next question, if I could go back to Mark Greenwood's question and Mark, we'll answer this more fully and we'll post a note on the ASX, but with

respect to coming down to one-sixth, we'll start to come down in 2017, and so you'll see a full effect from 2018 onwards of those dom gas volumes. *[Clarification: Please refer to slide 9 of 29 May 2012 Investor Site Tour pack which was released to the ASX and is available through the Woodside website].* Next question, please.

Operator: Thank you. Your next question comes from the line of Nik Burns of UBS. Please ask your question.

Nik Burns (UBS, Analyst): Yes. Thanks Peter. Look, just a question around LNG pricing. I understand the commercial sensitivities involved there but given LNG pricing is a key driver in your earnings, it's quite important to get some understanding around that. Just really - is there any more information you can provide at this stage? You make a comment that - saying they're moving increasing towards long term landed average prices and benchmarks. Should we be thinking around a slope of say 14 to 15 for these recontracted LNG volumes?

Peter Coleman: Well, Nik, you asked the question everybody else wanted to ask, so well done. As far as the slopes are concerned, as you know it's a function of both the slope and the constant and it really depends on how you think your shipping is going to go as well as to whether you take a FOB or DES. Our view is we are much better placed to take a DES. It allows us a lot more flexibility in the market and it makes sure we continue custody of the molecule through to the final destination point. We are seeing customers or buyers also being more flexible in some of the negotiations with respect to source and destination. So there are a few factors coming through that we think create additional value for companies that are positioned with their own trading and marketing activities.

With respect to where we are in the pricing negotiations, I would tell you I've just completed a buyer trip to Japan. I was there the week before last and I visited all of our buyers and also all the potential buyers for Browse. Across the board it is a very difficult time in Japan as they are wrestling with their energy policy and also trying to ensure that the economy maintains a growth path. So I would just say to you it's in that context that I'm reluctant to provide too much more today because it is a difficult time for them as they go through that. Having said that, we've provided advice previously that we expected our negotiations to be essentially complete by April of next year, and I stay true to that particular advice. So please, read our guidance as where we think things are heading, although we can't give you any more surety than that at this point, and then also please read it that we think we're still on the same timeline that we've provided previously to the market.

Nik Burns (UBS, Analyst): Understood. So we should really wait until the June quarterly production numbers before we get a good feel for what those sorts of repricing could look like?

Peter Coleman: It made Lawrie very happy because that's exactly his advice to me. That's when you will see the exact numbers coming through in that regard and it's unlikely we'll provide any more guidance to market than that between now and that point. As I said, it's in the context of longer term relationships and trying to be careful and mindful that the environment in which our buyers are also trying to deal with some energy policy challenges that they have.

Nik Burns (UBS, Analyst): Great. Thanks, Peter.

Peter Coleman: Thanks.

Operator: Once again ladies and gentlemen, if you wish to ask a question, it's star 1 on your telephone keypad. Your next question comes from the line of David Heard of Schroders. Please ask your question.

David Heard (Schroders, Analyst): Hello guys. Thank you very much for the guidance on CapEx and particularly isolating sustaining CapEx. I just wanted to try to understand the nature of the ongoing CapEx spend, particularly in the core assets, a bit better. You've talked about projects like Xena, which clearly are developing reserves. You've said sustaining CapEx is capital that doesn't develop reserves. I'm just wondering how representative are those numbers as an average sustaining CapEx going forward and where do things like major turnarounds fit in? Are they included in those sustaining CapEx numbers or are they additional amounts on top of that sustaining CapEx guidance?

Lawrie Tremaine: Hi David, it's Lawrie. Yes, we provided those sustaining CapEx numbers to give you a guide of midterm averages, so for the next few years. We didn't want to cast out too far into the future, but that's good guidance for the next few years. The other sorts of projects that you'll see in, for example, our 2014 outlook include continuation of Greater Western Flank, starting to move on the next phase with Greater Western Flank and Persephone and so on, so there are other projects coming. With respect to shutdowns they usually - that cost would normally - the bulk of that cost would normally appear in OpEx. We will sometimes see some life extension type of cost. That would appear in CapEx and it is part of that sustaining capital allowance that we talked about in the document.

David Heard (Schroders, Analyst): Thank you, that's very helpful.

Lawrie Tremaine: Okay, great.

Operator: Your next question comes from the line of Mark Greenwood of Citi. Please ask your question.

Mark Greenwood (Citi, Analyst): I have a question about the Laverda project. I see on your - well, we haven't heard a lot about that project since Don Voelte was talking about 100 million barrels plus. I see on your development pipeline you're aiming for a final investment decision towards the end of 2015 but you're well-progressed through the concept select phase. Could you give us a bit of an indication as to what that development is looking like? Previously it was just going to be oil, now oil and gas. Could you give us an indication of what gas resource is going to be brought into that project? You said more than 100 million barrels of oil equivalent, but how much extra is the gas going to be developed?

Peter Coleman: Right. Well, it's a question that's front of mind for us at the moment, Mark. With respect to the total developed resource, it's still around the 100 MMboe mixture of oil and gas. The reason we didn't put a lot of guidance into this outlook is that we are in the middle of a concept select phase. I'll be honest, an oil-only development is quite commercially challenged, particularly in today's cost environment, and it may require a significant reduction in costs to make it attractive for us as an oil only development. So that's the discipline that we're going through.

What we've been looking at for the last 12 months or so is, is there an option to tie in some of the surrounding gas and then redirect that both into domestic gas use, even potential LNG use or fuel gas use with some of the FPSOs in the area. An important well for us next year will be Toro which is out near Ragnar. Toro is expected to be - it's a reasonable size prospect that we're going after and if it comes in per expectation then there could be a field development that either includes Laverda or a standalone Toro with a tie in at Ragnar coming back into either domestic gas or into Pluto, or elsewhere.

So the reason we haven't provided any specific guidance today is that I would tell you the next decision point, or next key trigger point for us in our understanding, will be the results of Toro. If Toro comes in per expectation then it opens up a couple of development options which have a much higher probability of proceeding. If Toro is not successful then it's likely that Laverda will get delayed until we can find a different way to develop the field.

Mark Greenwood (Citi, Analyst): Okay so when you talk about developing nearby gas would that include the Cimatti resource?

Peter Coleman: Yes it could do. Yes Cimatti is a resource. It could do. If you recall we had Cimatti originally planned to go into Enfield and we've changed that - we've looked at that development concept and we thought we could use some of the existing flow lines and we've found that we can't do that unfortunately. So we've had to go back to the drawing board on Cimatti, but Cimatti certainly could include that. Although I can tell you today it's not part of the development concept but that's mainly because the decision on Cimatti has been a recent one because I haven't had a chance to go back to see how we would tie Cimatti.

So all I would say is going back maybe to original expectations when Laverda was first discovered it turned out to be a bit more complex than people originally thought. Costs have risen over that period of time and as we stand today as an oil only it's a development that I would struggle to take forward but if I could bring gas into it and Toro was successful then that opens a whole bunch of new possibilities for us.

Mark Greenwood (Citi, Analyst): Okay if I could just sneak another one in - on Browse did you mention you sort of upped the marketing Browse gas in Japan, and is your portion of the first Browse project potentially sold already with the MIMI agreement?

Peter Coleman: That's a really good question. Yes we are up to marketing for Browse gas and quite actively marketing Browse gas at this point. Yes we do have the joint marketing agreement with MIMI and we're continuing that. So the marketing discussions we're having in Japan at the moment are in conjunction with MIMI at this point. Too early for me to tell you how much is sold and when we think it would happen but I think the key point for us is we'd like some certainty around this as we enter into the FEED part of the project. So if you want to think about timelines for getting things done, we'd definitely

like to have some certainty before we enter into FEED. Although it's not a necessary prerequisite for us to go into FEED but we'd naturally like to have it.

Mark Greenwood (Citi, Analyst): Which is middle of next year?

Peter Coleman: Yes, yes. I will tell you marketing efforts are early but we've had a positive reception.

Mark Greenwood (Citi, Analyst): Thanks very much.

Operator: Your next question comes from the line of Justin Teo of Credit Suisse. Please ask your question.

Justin Teo (Credit Suisse, Analyst): Hi guys thanks for the extra clarity on the CapEx. Just a further question on the North West Shelf number, so you've got approximately \$80 million for 2014. Going forward am I more likely to see \$80 million a year or \$200 million a year. I'm just looking to 2020 plus - sort of numbers?

Lawrie Tremaine: Well we've only provided specific guidance for one year so that's probably as far as I can go. As I said in response to David's question there is some expenditure on Greater Western Flank in 2014. We're starting to see the next phase of projects, so the early phase, basic design leading into FEED phase expenditure, which is relatively low but around the next phase of Greater Western Flank and also the Persephone project.

So you're starting to see that coming through. Because we haven't taken investment decisions on those phases yet it's difficult for me to say exactly how much and exactly when but you will see that coming through in the next few years. As I said there is an amount of expenditure around particularly Karratha Gas Plant life extension but again just to put that in context that's within that sustaining capital number guidance that we've provided.

Peter Coleman: I would add too that the new developments that we're talking about, satellite field developments so forth, they'll be tiebacks into existing infrastructure so these are not developments that are going to require a major platform investment such as North Rankin B. They'll be subsea well tiebacks with flow lines. We're working very hard at the moment on reducing that cost structure as well and actually making very good progress in that regard. So as you think about Lawrie's guidance and you roll it through just think of a series of small developments that are tying back satellite fields.

Lawrie Tremaine: Those projects tend to have very high internal rates of return.

Justin Teo (Credit Suisse, Analyst): Okay thanks guys.

Peter Coleman: Thanks Justin.

Operator: Your next question comes from the line of Angela Macdonald-Smith of the Australian Financial Review. Please ask your question.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Hi Peter I just wanted to get an update if I could on Sunrise. Obviously a lot going on politically between Australia and Timor-Leste in

The Hague at the moment on that makes things difficult but just wanted to get an update on your current thinking about how you might move forward there and take the stalemate over development options for Sunrise.

Peter Coleman: Yes it's a good question Angela you could almost - and it's one of those ones where I might wake up one morning and it's all done. It is as we've said previously it is a government to government issue to be resolved. This is this issue over CMATS and the revenue sharing arrangements to go into that. There's been a lot of discussion about development planning and so forth and as you recall, there is a joint body between the Australian and East Timorese government that look after the development planning aspect. So it's not that we make development proposals to any single government - we actually make it to a joint body.

The other thing to remember in these conversations is that the resource itself is unitised under international treaties. So wherever the dividing line ends up, if it does change for example or the arrangements do change, the underlying resource itself is actually governed by an international treaty with respect to unitisation. That's one of those treaties that once unitisation is agreed, then it's done. There actually is no mechanism for that particular agreement unless you want to ignore the international treaties of course.

So when you hear us talk about it the confidence we have in the resource and maintaining development rights to the resources based on those fundamental principles of the underlying treaties and so forth, the discussion underway at the moment is more a commercial type discussion that talks about revenue sharing between the two governments. How it will be resolved and so forth it's probably not up to be me to speculate.

All I would say is that our relationship with the Timor-Leste government is a positive one these days. So notwithstanding some of the speculation that you may read about - I know you don't write about it Angela - our relationship with the Timorese has been a solid one all through this and in fact Minister Pires will be visiting me in our offices tomorrow to also visit with some interns that we have from Timor-Leste. So the relationship is a strong one.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Okay can I also ask just about the US. You've talked today about divesting your stake in Power Play. Is that the beginning of a full exit from the US? Will you also be selling Neptune?

Peter Coleman: Well you know - as we've indicated we've looked at our strategy and how the US fits into that and I would say for us the type of company we are and where we currently are in the US which is principally the deep water Gulf of Mexico, we don't have the critical mass there to have a long term sustaining business. So we were faced with a decision it's either get bigger or make a decision on your recurrent assets. We decided that given what we're good at and the competitive nature of the deep water Gulf getting bigger was not an option for us in that regard. You may recall we originally started this strategy in the shallow water Gulf and then moved to the deep water. So it's been a long program for us in the US.

With respect to what eventually happens with the other assets, I would suggest to you whatever we do will be an orderly exit in that regard. If we can get full value for the assets, then we'll make an orderly exit. If we can't then that's fine, they're non-operated assets for us and so the care and maintenance of it is quite minimal. So it's not that we're holding an operating organisation there to run an asset at a high fixed cost. They're actually quite low cost structure for us. If we get value, then we'll take it.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Thank you.

Operator: Your next question comes from the line of Peter Klinger of The West Australian. Please ask your question.

Peter Klinger (West Australian, Journalist): Morning Peter and apologies if this has already been asked, I came in a bit late but can you give some colour around what Woodside is doing to renew the domestic gas contracts out of the North West Shelf. I think that will be expiring over the next couple of years and you've already highlighted some of the volumes that will come out I think next year?

Peter Coleman: Yes it's a good question, Pete. We've spent the better part of the last 12 months actually having a really good look across all of our domestic gas both - in WA, both obligations and our contracts. I think it's fair to say we've formed a view that the market is well supplied at least through the mid-term - short-term and mid-term. So it will be quite a competitive market in that regard. But there are still opportunities and there is some good in particularly industrial customers out there in the marketplace. We've started conversations with those customers. We haven't made a decision on it yet.

All I would tell you is the resource is there if the customers are there. The advantage we have as you know we already have an installed capital base and so for Woodside the option is do we place that into LNG or do we place it into domestic gas. We'll continue to honour our domestic gas reservation requirements. In fact you're probably aware that the North West Shelf has already met its obligations in that regard and will continue to meet those obligations *[Clarification: See Rob Cole – page 13]*.

Peter Klinger (West Australian, Journalist): So Peter just a follow-up on that - does that mean that there's nothing standing in the way of Woodside shifting - or North West Shelf shifting all those dom gas volumes to LNG markets?

Peter Coleman: Oh, well there's a physical constraint in the plant and so the plant's currently operating at its max. It will start to come off that max around the end of this decade, early in the '20s. So, no I wouldn't say there's no constraint there. I'd say the Premier may have a different view on where that's going and as you know our export licences are renewed every five years or so. So as part of that, we review with the state our domestic gas plans and the obligations under that.

So, I wouldn't be as bold to say, make a unilateral statement and say no we can't, we can just go do something without reference to where the state is. As you're well aware these are requirements under the state agreement that we have to the North West Shelf - well a lot of those. So I would tell you it's an ongoing dialogue with the state with a view around what's the right amount for domestic gas? How do

you maintain good competition within the domestic gas market and proper supply? At the same time how do we continue to maximise revenues, not just for the North West Shelf, but for government because you know the taxing point, the value add at North West Shelf provides additional revenues.

So all of those things come into it. No, I wouldn't be as bold to say that we can just unilaterally go and do things.

Rob Cole: Peter, it's Rob, Rob Cole here, just to add a comment. You'd be aware that just in terms of the legal context, the way the state agreement works as a specific finite quantity of natural gas that must be supplied as domestic gas under the state agreement, it's in excess of 5000 petajoules. With our existing domestic gas contracts once we supply those out, we will have clearly exceeded our requirement in the North West Shelf state agreement.

Peter Klinger (West Australian, Journalist): Can I just say a very quick follow up on North West Shelf and the talks with Hess, how are they going?

Peter Coleman: Well as we have indicated previously, both through the North West Shelf and through Pluto and we've been in discussions with a number of ORO owners, with respect to the North West Shelf. The North West Shelf is probably for the first time in a long time actually out there talking to ORO owners as well, other resource owners as well. So I can't give you a specific update on that Pete, other than I would say for those owners, the good news is there's extra competition in the marketplace now with respect to getting their resources processed and the North West Shelf is one of those. I think that's a good news story.

Peter Klinger (West Australian, Journalist): Thank you.

Operator: Thank you ladies and gentlemen, unfortunately that is all the time we have for questions today. I would now like to hand the conference back to your presenter, Mr Peter Coleman. Thank you and please continue.

Peter Coleman: Look everybody, thanks very much for your questions today and thanks very much for your interest and support of Woodside. As I recap on 2013, we said we would really focus on four areas of our business which was our existing production, our new developments, our capital plans and then also working on our margin. We think we've made really good progress in all those aspects of our business and we look forward to 2014 being one where we start to see some results of our rebuild of our exploration portfolio and then moving forward and receiving value add of some of these margin discussions that we've been having. Also moving forward on our major developments, in particular Browse.

So we've got a lot of positive things ahead of us. We're doing the hard work at the moment to be quite honest and we know we needed to rebuild our portfolio and rebuild our opportunity slate. The key part of all of that and with all of these projects is we are maintaining an unwavering focus on shareholder value and value creation. We see it almost daily, examples of why we need to do this and while it's not always popular and it's not always sexy and we're sometimes called boring, we'll take that, because we firmly

believe we're doing the right thing. We'll continue to return funds where those funds can't be used elsewhere in the business and we'll maintain that capital and investment discipline for us.

But you can see at the same time, we are working really hard. We're building a really interesting portfolio here and we're building a compelling investment case for you over the next couple of years. Again, thank you very much and if we don't see you before the festive season, please have a safe holiday period and a very merry Christmas and happy New Year. We look forward to seeing you with our fourth quarter results in January. Thank you very much.

Operator: Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You may all disconnect.

End of Transcript