

# ASX Announcement

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Woodside Petroleum Ltd.  
ACN 004 898 962  
Woodside Plaza  
240 St Georges Terrace  
Perth WA 6000  
Australia  
[www.woodside.com.au](http://www.woodside.com.au)

## FEED PHASE ENTERED FOR BROWSE FLNG DEVELOPMENT

Woodside, as a participant in the Browse FLNG Development, advises that agreement has been reached to enter the front-end engineering and design (FEED) phase for the proposed development.

The FEED phase involves undertaking the activities required to finalise the costs and technical definition for the proposed development to enable a final investment decision (FID). It includes determining a range of details related to the commercialisation, timing and sequencing of FLNG deployment.

Woodside CEO Peter Coleman said the decision to enter the FEED phase on Browse was a significant step towards developing the world class Browse resources.

“We are excited to be moving into the next phase of the Browse FLNG Development using FLNG technology. In particular, we acknowledge the support of key government stakeholders and especially commend the current and previous Ministers responsible for resources for their consistent, clear and long-term approach to oil and gas development.

“We will continue to work with governments, Australian industry, local communities and other relevant stakeholders to realise potential opportunities from this mega project,” he said.

The Browse FLNG Development concept is based on three FLNG facilities utilising Shell’s FLNG technology and Woodside’s offshore development expertise to commercialise the Brecknock, Calliance and Torosa fields (gross (100%) contingent resources (2C) of 15.4 trillion cubic feet of dry gas and 453 million barrels of condensate)<sup>1</sup>.

As part of the entry into the FEED phase, the Browse Joint Venture participants entered into an Equity Alignment Deed (EAD), which comprises a series of exchanges of equity interests between the participants, establishing a single aligned interest for each of the participants across the combined Browse project. No monetary consideration was payable in respect of the EAD.

Subject to approval and registration, Woodside’s participating interest in the Browse resources will be 30.6% (net Woodside 2C share of 4.7 trillion cubic feet of dry gas and 138.6 million barrels of condensate).

In parallel, Woodside and the other Browse Joint Venture participants entered into a new Joint Operating Agreement (JOA) that sets out the governance and management arrangements for the assets of the Browse Joint Venture and supports the progression of the proposed development to FID. Woodside remains operator of the Browse FLNG Development.

Woodside has also submitted acceptances to the regulators for retention lease renewal offers for petroleum retention leases WA-28-R, WA-29-R, WA-30-R, WA-31-R, WA-32-R, TR/5 and R2, on the terms and conditions offered by the Commonwealth-Western Australia Offshore Petroleum Joint Authority and the WA Minister for Mines and Petroleum.

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<sup>1</sup> Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Woodside reports Contingent resources net of the fuel and flare required for production, processing and transportation up to a reference point and non-hydrocarbons not present in sales products. For Browse, the reference point is defined at the outlet of the FLNG facility. Contingent resources estimates may not always mature to reserves and do not necessarily represent future reserves bookings. All Contingent resource volumes are reported at the ‘Best Estimate’ (P50) confidence level.

The FEED phase entry decision follows the Browse Joint Venture participants executing the Browse FLNG Development Domestic Gas and Supply Chain Key Principles Agreement (KPA) with the State of Western Australia.

The KPA sets out the Browse Joint Venture participants' commitment to negotiate a Development Agreement with the State reflecting agreed principles.

The principles include commitment to reserve for domestic use within Western Australia gas equivalent to 15% of LNG production from the State's approximate 65% share of the Torosa field (the volume reserved for domestic gas equates to a gross (100%) 2C of approximately 0.8 trillion cubic feet of dry gas).

The KPA also contemplates marketing Browse gas volumes reserved for domestic gas diligently and in good faith with potential buyers. Where mutually acceptable terms cannot be reached with buyers and reserved gas is not sold, it will be kept in reserve for future domestic use.

Consistent with the State's Domestic Gas Reservation Policy, the KPA allows the domestic gas obligation to be met through offset arrangements.

In relation to the supply chain commitments, it is proposed that existing and emerging infrastructure and services where available will be leveraged to support an efficient and cost effective supply chain.

Woodside's Browse LNG volumes will be marketed on an equity basis from Woodside's growing global LNG portfolio. We continue to have ongoing discussions with a range of regional LNG customers regarding potential LNG sales.

Woodside is targeting an FID on the proposed development in 2H 2016.

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**Contacts:**

**MEDIA**

**Michelle Grady**

W: +61 8 9348 5995

M: +61 418 938 660

E: michelle.grady@woodside.com.au

**INVESTORS**

**Craig Ashton**

W: +61 8 9348 6214

M: +61 417 180 640

E: investor@woodside.com.au