

# Woodside purchases Apache assets

Peter Coleman | CEO and Managing Director | 16 December 2014



Wheatstone LNG, image courtesy of Chevron

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All references to dollars, cents or \$ in this presentation are to US currency, unless otherwise stated.

All estimates to production, production capacity, acreage, reserves or resources in this presentation are quoted as net Woodside share, unless otherwise stated.

References to “Woodside” may be references to Woodside Petroleum Ltd. or its applicable subsidiaries.

## Delivers value-adding growth while demonstrating disciplined capital management

Acquisition	Apache's interests in the Wheatstone LNG, Balnaves oil and Kitimat LNG projects for US\$2.75 billion
Earnings	Immediately NPAT, Earnings Per Share and operating cash flow accretive <sup>1</sup>
Value growth	Acquisition price is at a discount to sunk costs
Dividend	Previous dividend guidance maintained
Funding	Purchase price fully funded by existing cash and debt
Credit rating	Expect to maintain BBB+ / Baa1
Reserves <sup>2</sup>	19% increase in Proved reserves (1P), 20% increase in Proved plus Probable reserves (2P)
Resources <sup>2,3</sup>	10.5 Tcf (1C), 15.0 Tcf (2C), 40.0 Tcf (3C) in Western Canada
Effective date	1 July 2014, with closing targeted by end Q1 2015. Expected closing adjustment <sup>4</sup> of approximately US\$1.0 billion
Approvals	Acquisition subject to regulatory approvals <sup>5</sup> , pre-emption and joint venture participant consent

1. Subject to pre-emption rights for Balnaves not being exercised

2. Estimate of Apache's Wheatstone and Balnaves reserves at 31 December 2013, and Kitimat LNG resource at 15 December 2014

3. Refer to slide 18 for additional reporting on Petroleum resource estimates

4. Adjustment for working capital and net cash flows from effective date to closing, representing the estimated subsequent investment in the acquired assets, primarily Wheatstone

5. Australian Competition & Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB)

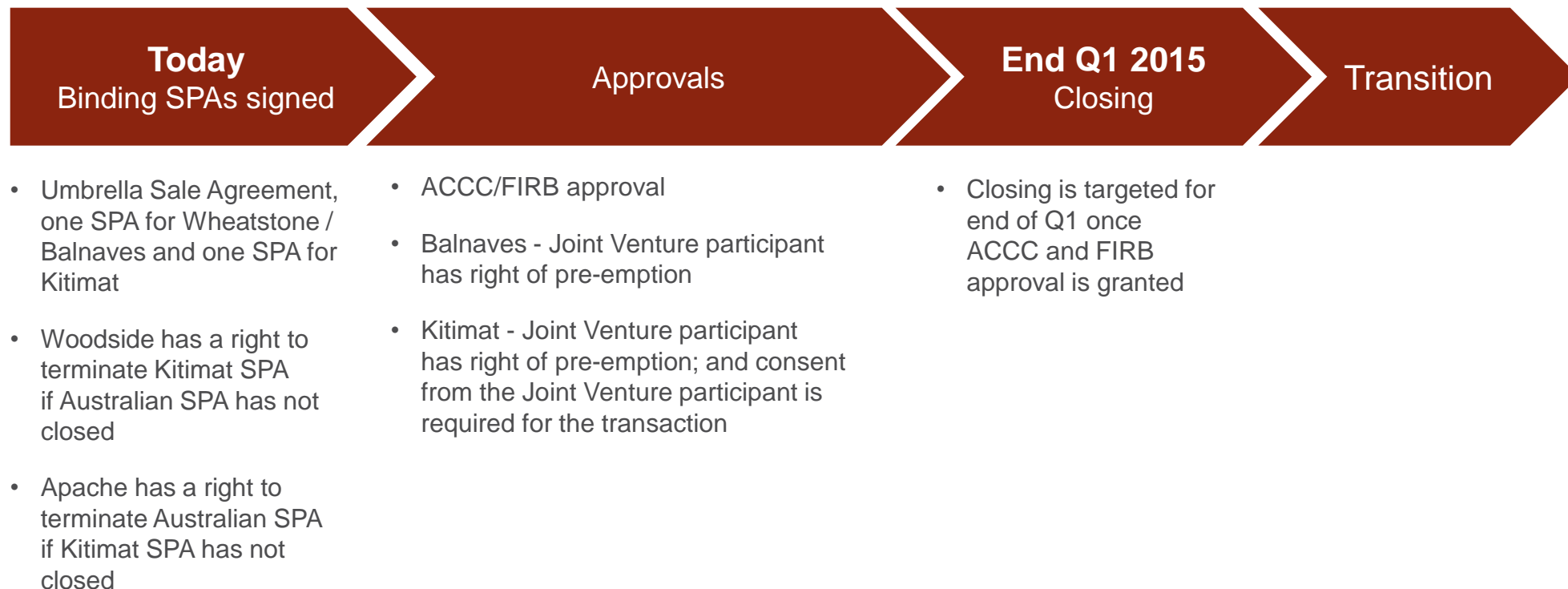
## A natural fit for Woodside providing value-enhancing opportunities

Why Wheatstone?	<ul style="list-style-type: none"><li>• World class asset with 1.16 Mtpa LNG production capacity, first gas targeted from late 2016<sup>1</sup></li></ul>
Why Balnaves?	<ul style="list-style-type: none"><li>• Immediate oil production</li></ul>
Why Kitimat?	<ul style="list-style-type: none"><li>• 10.5 Tcf (1C), 15.0 Tcf (2C), 40.0 Tcf (3C)<sup>2</sup></li><li>• Ground floor entry position in the most advanced LNG opportunity in Western Canada</li></ul>
Overall	<ul style="list-style-type: none"><li>• Leverages Woodside's LNG marketing, FPSO operations and subsea capabilities</li><li>• Provides opportunity for synergies with existing operations</li><li>• Provides increased growth optionality</li></ul>

1. Source: Chevron Q2 2014 Earnings Call

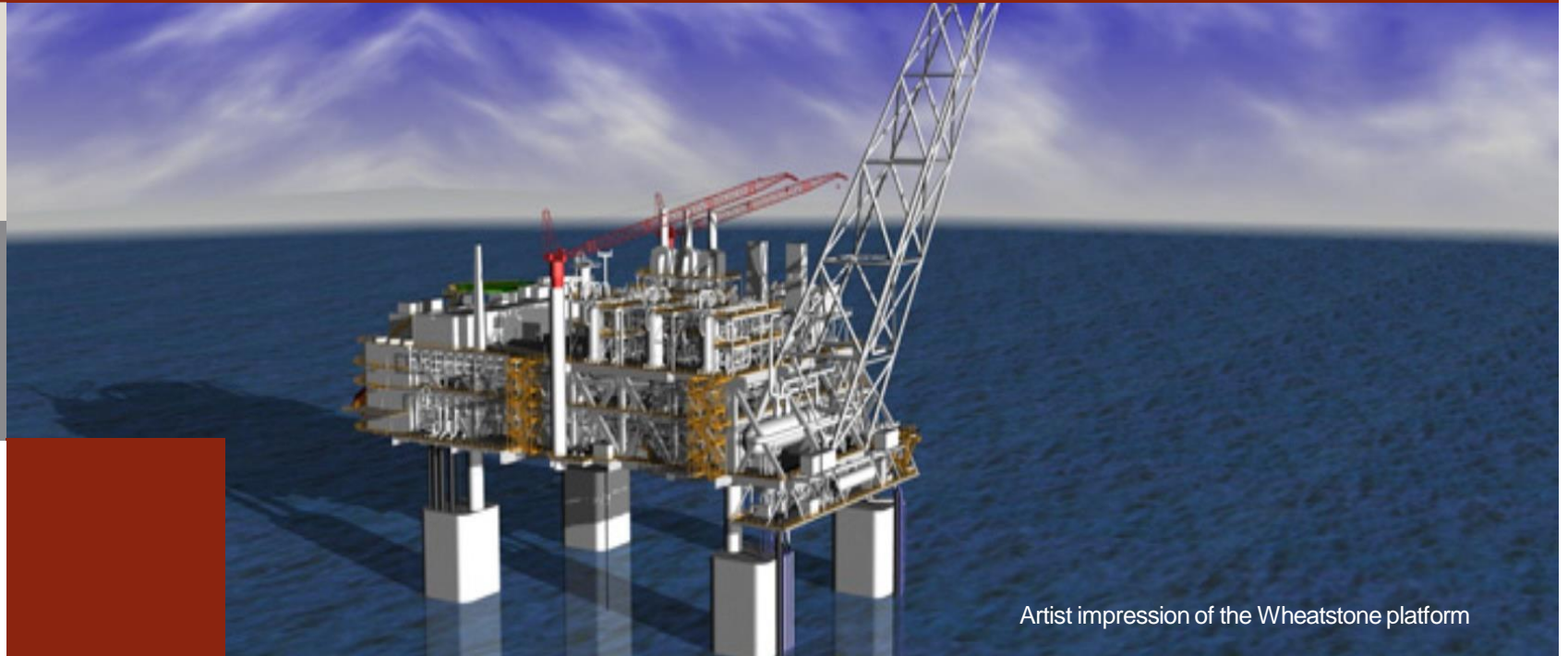
2. Estimate of Kitimat LNG resource at 15 December 2014

## Woodside is targeting transaction close by end Q1 2015



*Dates may be subject to change without notice*

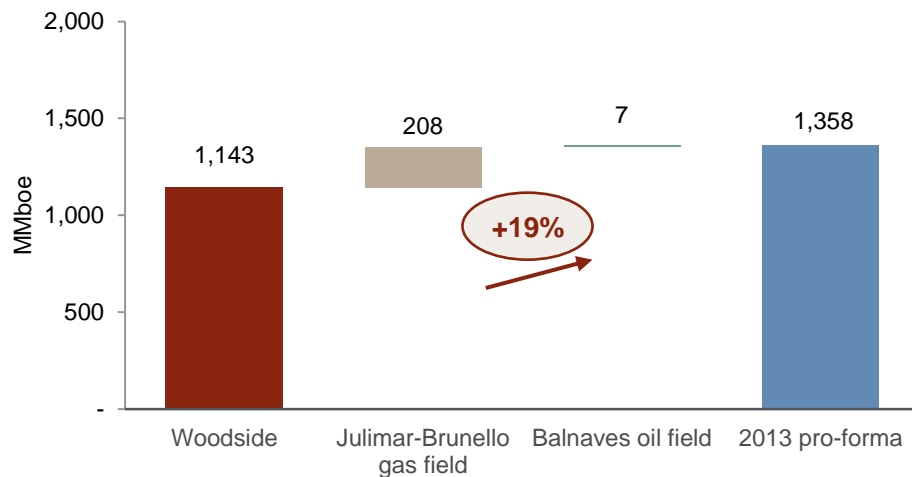
# Strategic rationale



Artist impression of the Wheatstone platform

Delivers reserves uplift of 19% in proved reserves, and 20% in proved plus probable reserves

Proved reserves (at 31 Dec 2013)

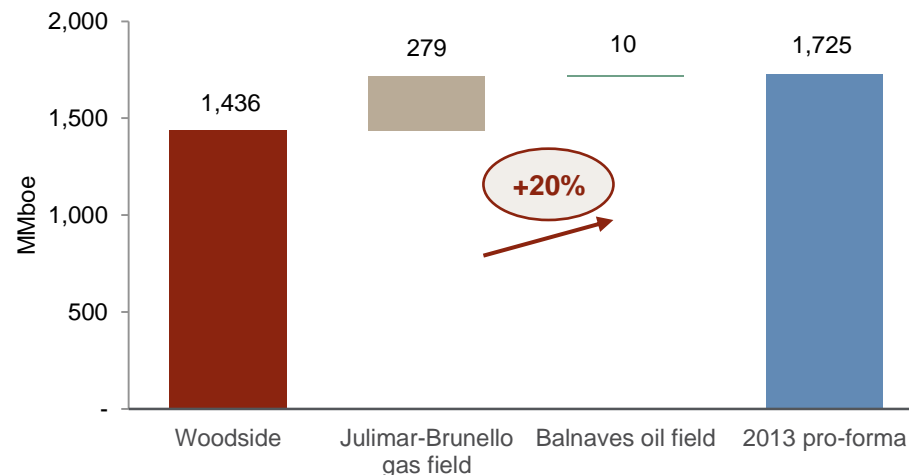


1P reserves MMboe	Woodside <sup>1</sup>	Acquired <sup>2</sup>	Combined
Dry gas	1,001	190	1,192
Condensate	103	18	121
Oil	39	7	46
<b>Total</b>	<b>1,143</b>	<b>215</b>	<b>1,358</b>

1. Woodside reserves as at 31 December 2013

2. Estimates of Apache reserves as at 31 December 2013

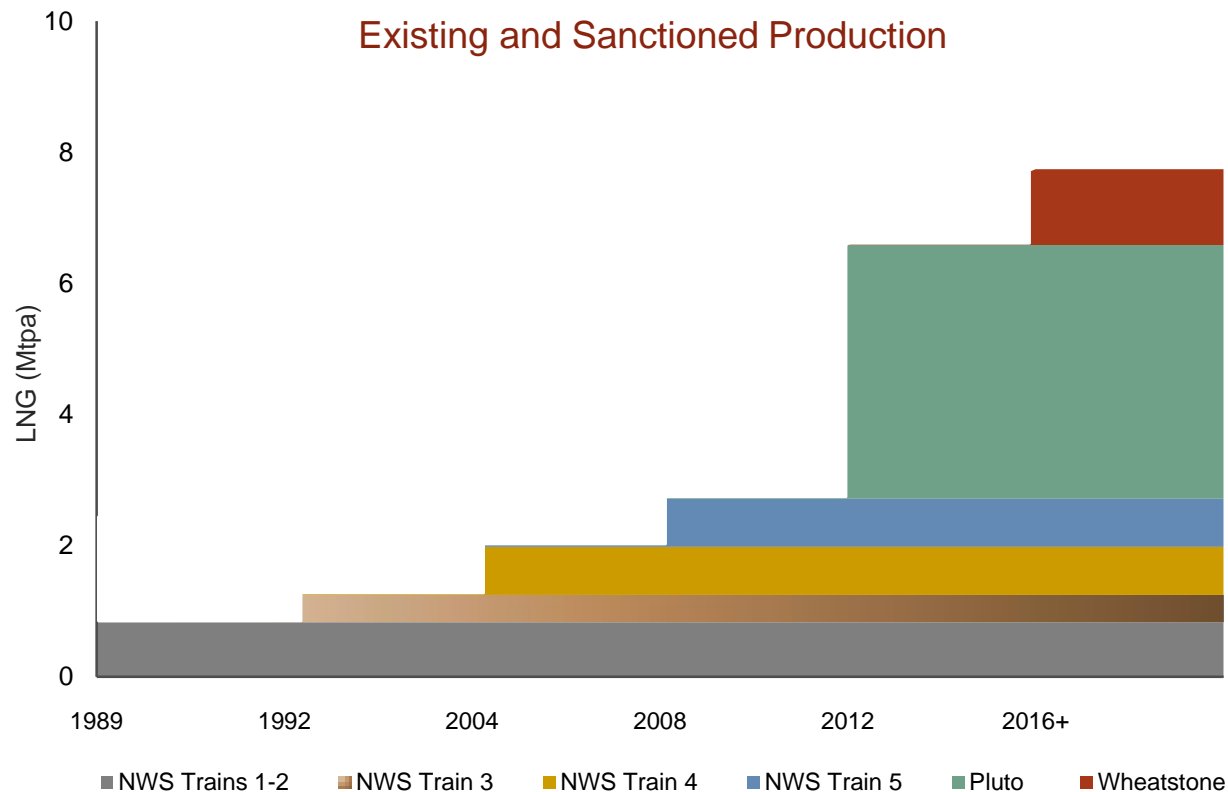
Proved plus probable reserves (at 31 Dec 2013)



2P reserves MMboe	Woodside <sup>1</sup>	Acquired <sup>2</sup>	Combined
Dry gas	1,244	254	1,498
Condensate	125	25	150
Oil	67	10	77
<b>Total</b>	<b>1,436</b>	<b>289</b>	<b>1,725</b>



## The transaction will increase Woodside's LNG production profile



Note: Figures rounded

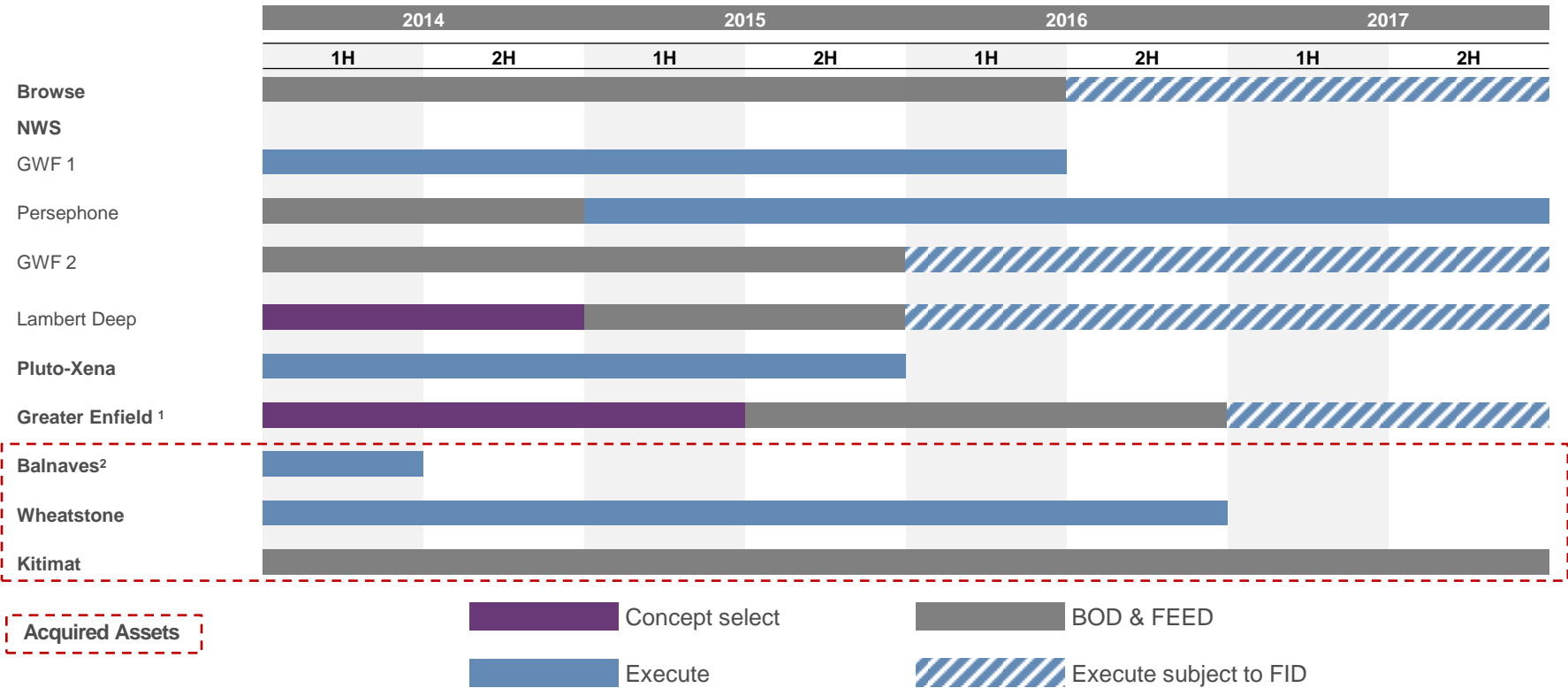
1. Estimate of Kitimat LNG resource at 15 December 2014

### Pre-FID projects

- Browse: 4.7 Tcf dry gas, 138 MMbbl condensate (contingent resources)
- Sunrise: 1.7 Tcf dry gas, 76 MMbbl condensate (contingent resources)
- Kitimat: 10.5 Tcf (1C), 15.0 Tcf (2C), 40.0 Tcf (3C)<sup>1</sup>



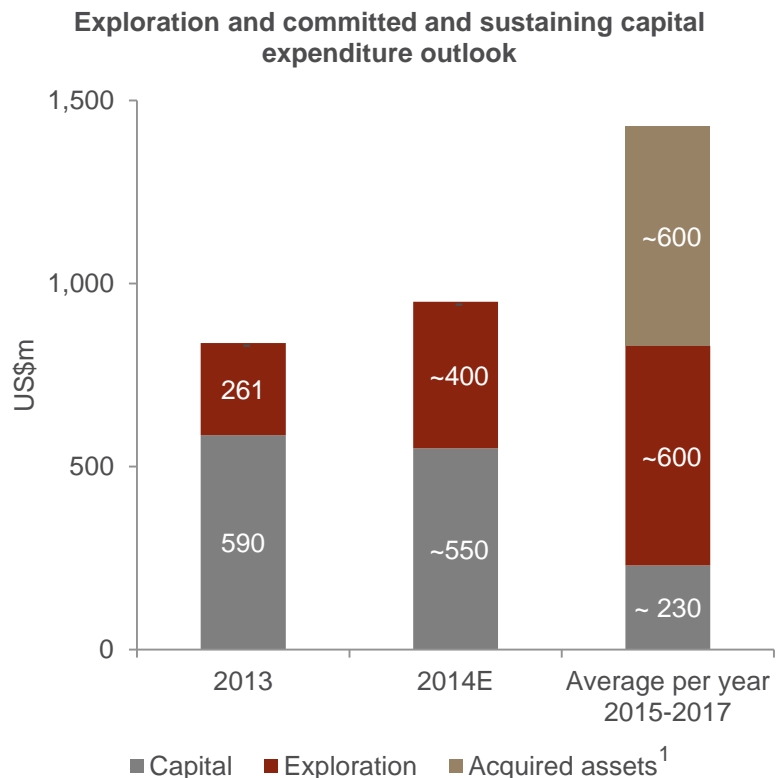
Acquisition builds Woodside’s development pipeline



1. Greater Enfield seeks to aggregate undeveloped resources in the Exmouth sub-basin through maximising existing infrastructure. Development opportunities continue to be evaluated

2. Balnaves commenced production in August 2014

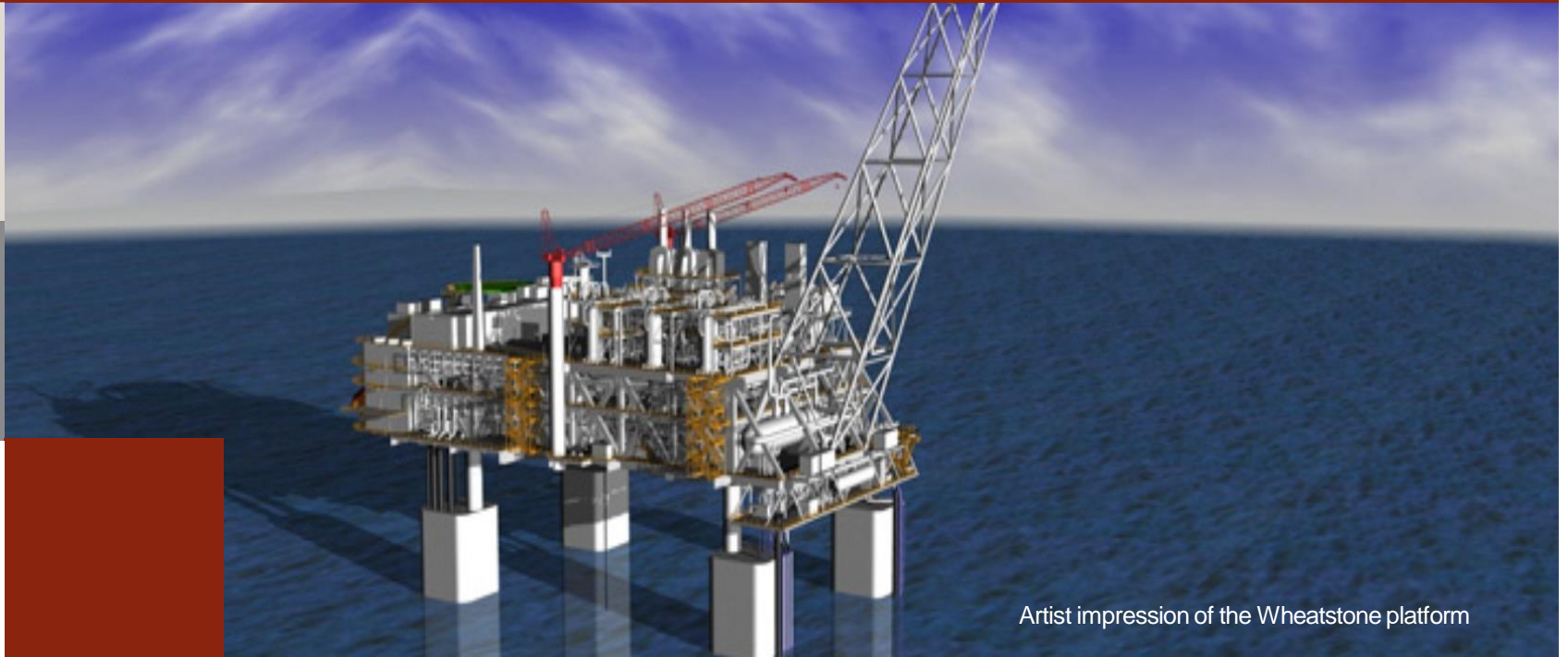
## Fully funded by existing cash and debt while maintaining our dividend guidance



1. Represents committed capital expenditure associated with acquired assets

Category	Description
Balance sheet	Woodside's near term capital structure will be optimised in line with our stated gearing targets of 10-30%
Funding	Purchase price fully funded by existing cash and debt The acquisition is not expected to impact our ability to execute our growth initiatives, including Browse FLNG
Dividends	Previous dividend guidance maintained
Credit rating	Expect to maintain BBB+ / Baa1
Committed and sustaining capital expenditure	Approximately \$0.8 billion per annum on sanctioned projects and sustaining capex

# Overview of assets



Artist impression of the Wheatstone platform

## Complements our existing portfolio

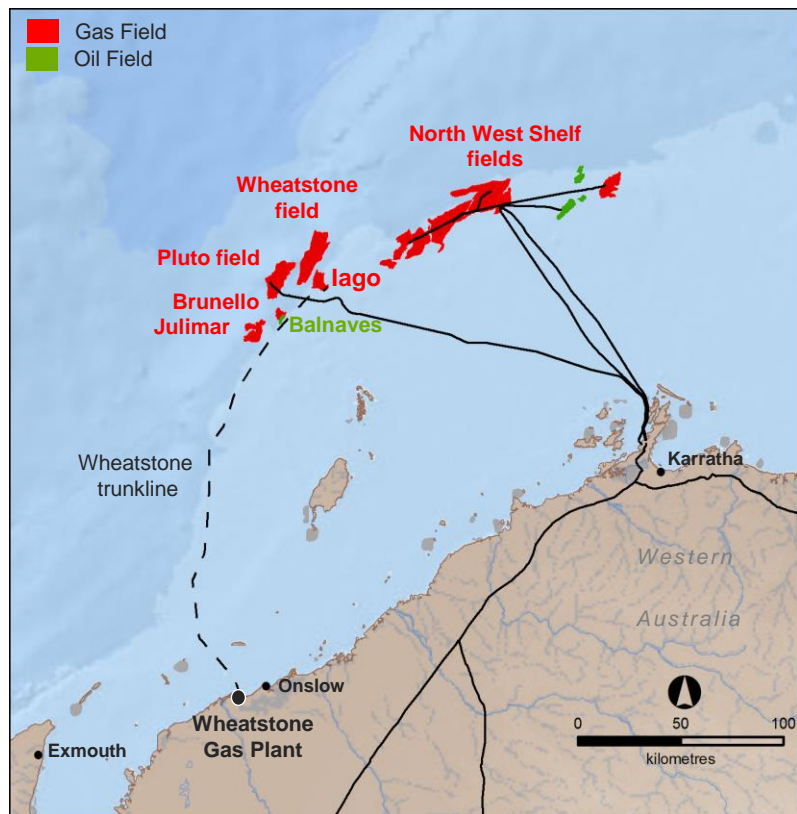
Item	Wheatstone		Balnaves	Kitimat	
	Project facilities	Julimar-Brunello		Downstream	Horn River and Liard basins
Basin	Carnarvon		Carnarvon	Horn River and Liard	
Equity	13% <sup>2</sup>	65% <sup>1</sup>	65% <sup>1</sup>	50% <sup>2</sup>	50% <sup>1</sup>
1P reserves <sup>3</sup> (MMboe)	n/a	208.4	6.7	n/a	n/a
2P reserves <sup>3</sup> (MMboe)	n/a	279.4	9.8	n/a	n/a
Resources <sup>3</sup>	n/a	n/a	n/a	n/a	10.5 Tcf (1C) 15.0 Tcf (2C) 40.0 Tcf (3C)
Product	Gas and liquids capacity	Gas and liquids	Oil	Gas capacity	Gas

1. Operator

2. Non-operator

3. Estimate of Apache's Wheatstone and Balnaves reserves at 31 December 2013, and Kitimat LNG resource at 15 December 2014

## Wheatstone delivers material near-term production and cash flow



1. Source: Chevron Q3 2014 Earnings Call Transcript
2. Source: Chevron Q2 2014 Earnings Call Transcript
3. Woodside estimates of Apache reserves at 31 December 2013
4. Operator

### Wheatstone LNG – project facilities

- 8.9 Mtpa two-train LNG development (1.16 Mtpa Woodside share)
- 200 TJ/d domestic gas plant (26 TJ/d Woodside share)
- FID in 2011. Project is 49%<sup>1</sup> complete, first LNG expected in late 2016<sup>2</sup>
- ~ 80% of LNG volumes are contracted under long term contracts

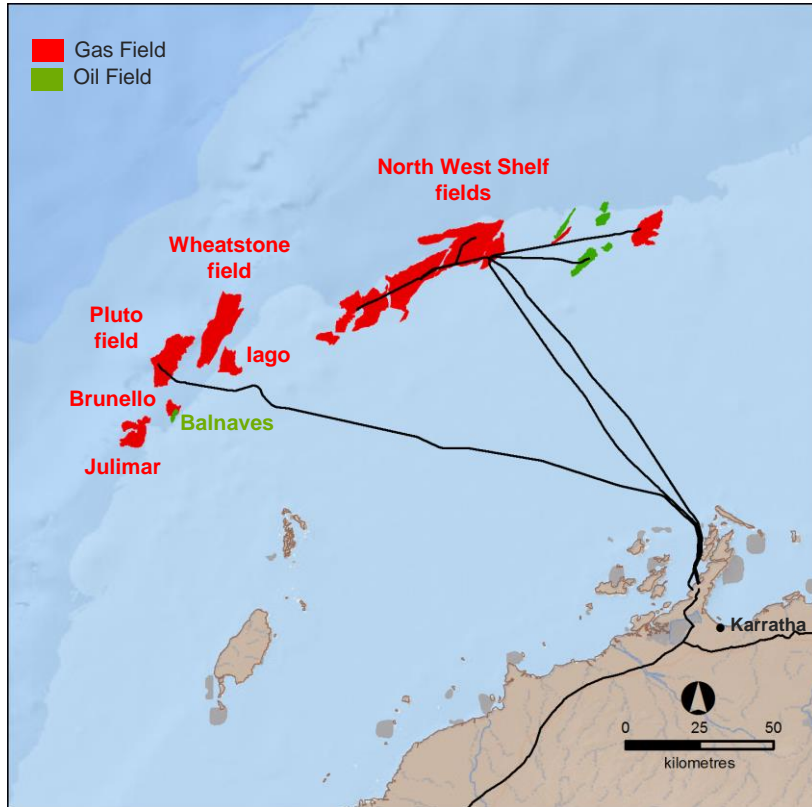
### Julimar-Brunello – gas resource dedicated to Wheatstone

- 2P Reserves: 279 MMboe<sup>3</sup>
- Woodside will supply gas from the Julimar-Brunello fields to Wheatstone

Participant	Wheatstone equity	Julimar-Brunello equity
Woodside	13.0%	65.0% <sup>4</sup>
KUFPEC	13.4%	35.0%
Chevron	64.1% <sup>4</sup>	
PE Wheatstone	8%	
Kyushu	1.5%	

Note: Figures rounded

## Balnaves delivers immediate production



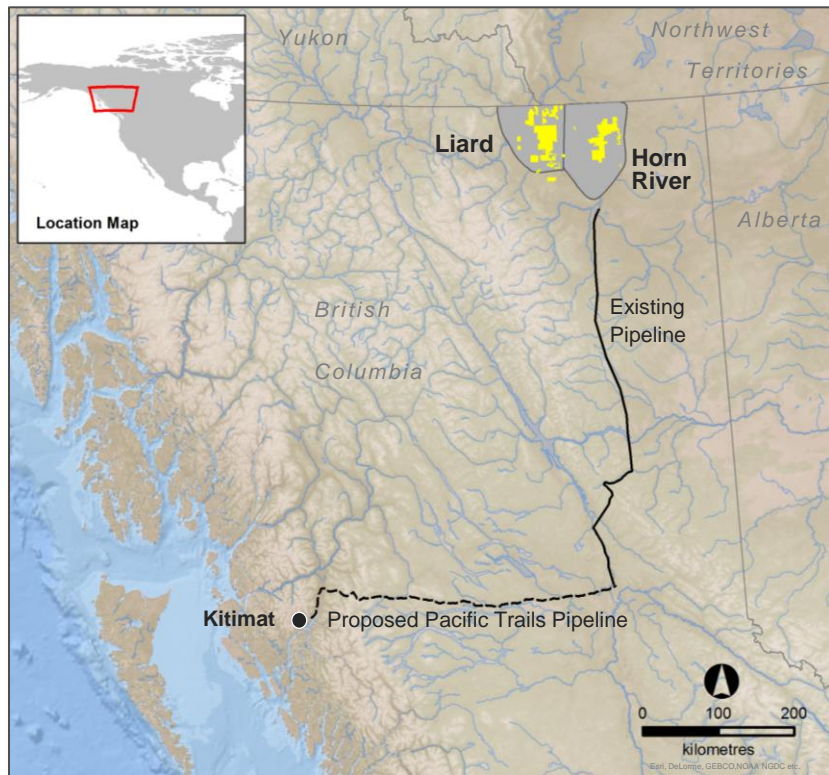
- Light oil field adjacent to the Brunello gas field in the Carnarvon basin
- Discovered in 2009, with FID taken in 2011
- Commenced production in August 2014
  - Two production wells and two injector wells
- Produced through the Armada Claire FPSO (leased)
- 2P Reserves: 9.8 MMbbls<sup>1</sup>

Participant	Equity
Woodside <sup>2</sup>	65%
KUFPEC	35%

1. Estimate of Apache reserves at 31 December 2013  
2. Operator



## Growth option in emerging LNG province



### Kitimat LNG – downstream infrastructure

- Initial capacity of ~10 Mtpa<sup>1</sup> (5 Mtpa Woodside share)

### Horn River and Liard basins – upstream gas resource

- 10.5 Tcf (1C), 15.0 Tcf (2C), 40.0 Tcf (3C)<sup>2</sup>
- Approximately 320,000 acres
- Gas will be piped to the Kitimat LNG facility
- Transitional and operatorship arrangements to be finalised

Participant	Kitimat equity	Horn and Liard equity
Woodside	50%	50% <sup>3</sup>
Chevron	50% <sup>3</sup>	50%

1. National Energy Board approval for export of 10 Mtpa of LNG
2. Estimate of Kitimat LNG resource at 15 December 2014
3. Operator



1

Delivers value-adding growth and demonstrates disciplined capital management

2

Fully funded by existing cash and debt while maintaining our dividend guidance

3

A natural fit for Woodside providing value-enhancing opportunities

4

Delivers reserves uplift of 19% in proved reserves, and 20% in proved plus probable reserves

5

Builds Woodside's development pipeline and will increase our LNG production profile

1. Unless otherwise stated, all petroleum resource estimates in this presentation are quoted as at the balance date (i.e. 31 December) of Woodside's most recent Annual Report released to ASX and available at [www.woodside.com.au/Investors-Media/Annual-Reports](http://www.woodside.com.au/Investors-Media/Annual-Reports), net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius).
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 offtake Facility (FPSO), 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 ( $10^6$ ) 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. Unless otherwise stated all petroleum resource estimates refer to those estimates set out in the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at [www.woodside.com.au/Investors-Media/Annual-Reports](http://www.woodside.com.au/Investors-Media/Annual-Reports). Woodside is not aware of any new information or data that materially affects the information included in the Annual Report. All the material assumptions and technical parameters underpinning the estimates in the Annual Report continue to apply and have not materially changed.
6. 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.

Contingent resources are based on SPE-PRMS

1. 1C, 2C and 3C Contingent Resource estimates are based on deterministic development scenarios.
2. All volumes quoted as sales gas with no conversions applied.
3. Contingent resources are based on acreage held under British Columbia petroleum and natural gas drilling licences and leases.
4. The Contingent Resource estimate is based on mature delineation and commercial production from the Horn River Basin and non producing and producing appraisal wells in the Liard Basin.
5. The 1C and 2C resource estimates are constrained by the existing proposed LNG two train export development concepts.
  - The 3C estimate is based on full development of the Horn River and Liard Basin acreage and assumes future expansion of the LNG project with volumes based on decline curve analysis of existing producing wells.
  - The key contingencies that prevent the resource from being booked as reserves are; technical and commercial maturity of the LNG export project and further appraisal and delineation of the acreage.
  - An appraisal program of the Liard Basin acreage is currently ongoing. The requirement for further appraisal and delineation will be determined upon completion of this program.
6. No requirement for the development of technology.
7. The deterministic scenarios for the 1C, 2C and 3C estimates are based on the development of the mineral titles totalling approximately 640,000 acres (100% project) within the Liard and Horn River basins.
  - The 1C estimate assumes the drilling of approximately 600 gas production wells (100% project).
  - The 2C estimate assumes the drilling of approximately 900 gas production wells (100% project).
  - The 3C estimate assumes the drilling of approximately 2500 gas production wells (100% project).