# Press Clipping


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**Woodside in No Hurry to Close LNG Deals**

Woodside Energy won't rush to market its new LNG volumes amid intense supply competition globally, and instead it will focus on locking in low development costs, CEO Peter Coleman said Wednesday.

Australian LNG specialist Woodside is looking to develop two giant offshore gas fields at Scarborough and Browse, targeting final investment decisions for both projects in 2020.

"We think it's time to just sit out the market ... [until] we can get back to what we consider a sensible contract," Coleman told Energy Intelligence on the sidelines of the LNG Supplies for Asian Markets conference in Singapore.

He said Woodside cannot accept today's low pricing as well as the tough terms and conditions placed in new contracts signed by rival suppliers, which would not provide adequate returns to shareholders (WGI Feb.20'19). But he believes the tide of the market is shifting in sellers' favor.

"We expect prices to rise, which will have a flow-on effect on costs," he said. "And so, at this stage, our focus has been on progressing our developments and locking in low costs while we still can."

Asian spot LNG prices have dropped to a 19-month low of $5.95 per million Btu, according to the latest price assessments by Energy Intelligence, due to ample supply and weak spot buying from China, which has focused on term deliveries.

Prices are expected to remain under pressure this year from new supply coming on line this year, especially from the US. Buyers are seizing the opportunity to seek competitive prices and greater flexibility in contracts -- for volume and destination -- in order to deal with domestic demand uncertainties.

Coleman expects to convert two preliminary tolling agreements into binding agreements for its operated North West Shelf (NWS) project in the early part of the second half of the year. The initial deals were signed last November with the Woodside-operated Browse joint venture, which also includes Royal Dutch Shell and BP, and Chevron, which operates the Clio and Acme fields (IOD Nov.8'18).

Woodside previously said the tolling fee would average around $2/MMBtu over the plant's life, in line with most analysts' expectations.

The 13.9 trillion cubic foot Browse field is expected to be the anchor tenant of the five-train NWS facility, which is expected to go into decline in 2021. Browse's first floating production, storage and offloading (FPSO) unit, with an LNG capacity of 5 million tons/yr, is expected to start in 2025-26, and a second FPSO in 2027 would take up a combined 60% of NWS' 16.7 million ton/yr capacity.

Woodside meanwhile has taken the step to award contracts to undertake front-end engineering and design (Feed) work at its 7.3 Tcf Scarborough field and the planned train at Pluto, although it has yet to firm up its partners (IOD Jan.17'19). It currently has a 75% stake in Scarborough and 100% interest in the second train at Pluto and is looking to farm down in both projects to about 40% and 50%, respectively. Investors from Asia and the Middle East have visited its data room (IOD Feb.15'19).

"We are confident that we can find the right partner," Coleman said. "The potential investors come in all shapes and sizes, each has its own attributes," he said. "To me, it's about having a partner which is aligned with us for the next 30 years, somebody who thinks the same way we do and value the assets as we do."

BHP, the other 25% partner at Scarborough, has yet to decide whether it will exercise its right to buy an additional 10%. BHP is still reviewing the project due to recent changes in senior management, Coleman explained.

There is speculation that Saudi Aramco, the world's largest oil company, is a potential Scarborough investor. Coleman said only that Aramco has a global gas strategy and is looking at assets around the world (IOD Feb.27'19).

Woodside also announced Wednesday that it has invested in two online LNG platforms, GLX and Gastrayda, which would support the evolution of LNG trading by improving liquidity, price transparency, efficiency and compliance.

Clara Tan, Singapore