Event Transcript

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Start of Transcript

Operator: Ladies and gentlemen thank you for standing by and welcome to the Santos 2014 Full Year Results 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. I must advise you that this conference is being recorded today, Friday 20 February 2015. I would now like to hand the conference to your first speaker today Mr David Knox, thank you sir, please go ahead.

David Knox: Thank you very much and good morning and welcome to Santos's 2014 Fully Year Results conference call. Joining me on the line today is CFO Andrew Seaton. In addressing the results we will refer to the presentation released this morning, this is available on our website. On the cover of the deck you can see GLNG as it is today. The project will ship its first cargos during the second half of this year. The upstream is ready to deliver gas to the plant as and when required. The gas reserves grew during the year, the pipeline work is complete and it's filled with gas right the way through onto Curtis Island. The plant is now well into the commissioning stage. We're very proud of progress and all aspects of this project and I'm going to talk about that more later in my presentation.

I'm now going to jump straight to slide 3. In presenting the results to you today we will focus on the important highlights in 2014 and the Company's position moving into 2015. First our safety and operational performance continues to improve demonstrating a strong safety performance at a time of very high activity is especially important. It's important for our people and for the successful delivery of our projects. Andrew will talk about the sound operational performance that delivered growth and production, growth and revenue, EBITDAX, underlying profits and operating cash flow.

The second feature of our results today is strong project delivery. PNG LNG and GLNG are transformational to Santos's earnings profile and both are in excellent shape. We also delivered first production from Peluang in Indonesia and Dua in Vietnam. Finally, the rapid decline in oil prices since late November is a challenge for the whole energy industry. Our response has been comprehensive. We cut our CapEx for 2015 by 25%. This means our CapEx in 2015 will be nearly 45% lower than it was last year. We're tightening our belts significantly and our suppliers are working with us in achieving this. We're forecasting at least a 10% reduction in operating costs. 2015 poses a great challenge to E&P companies worldwide but I am supremely confident that Santos is in a strong position both operationally and financially. We've risen to the challenge and we'll come out the other side a stronger, leaner and fitter Company.

I'm now going to turn to slide 4. At the end of the day our operational and financial performance are dependent upon safe execution of our operations in every sense of the word. That's in the field, that's on our onshore operations and also here in the office. We have a broad safety score card. Our performance on all indicators was better than planned in 2014. In terms of lost time injury performance it was another good year where the rate was equivalent to that achieved in 2013. This is particularly pleasing during a period where two major EPC contractors Saipem and Fluor completed work and demobilised from the GLNG project. You can see that that's coming through in the reduction of GLNG work hours. Our focus on process safety particularly safety critical maintenance also remains strong.

Moving to slide 5 I want to talk more on the steps we've taken to meet the challenge of the lower oil price environment. As I said earlier we've cut planned CapEx in 2015 by about 45% compared to last year. Our guidance of A$2 billion for this year is maintained. The reductions are being implemented across all assets and operations Company wide. We've completed a full review of our Company wide gross spending. Essentially 80% of our cost attributes to 20% of our suppliers and of these companies almost all are upstream subsurface related, drilling and work over rigs and frack spreads. We're achieving valuable efficiencies in many areas. Just now I'll give you some key examples.

Our well service costs are down 30%. Our onshore drilling day rates have been reduced by 20%. Approximately 15% reduction has come out of the cost of fuels and lubricants. Cooper drill, frack and completion costs per well have been cut from A$7.1 million per well to A$6.1 million per well. So every business unit is scrutinising costs and reducing spending wherever possible. There is of course a material reduction in contractor numbers to take place this year as GLNG expenditure comes down and the project is completed. In addition we are reducing headcount wherever it is possible as we focus on growing shareholder value in the new oil price environment. Since November last year 520 positions have been removed. I've made it clear that there will be further reductions throughout the year as part of our continuing cost reduction program to drive both efficiency and also productivity throughout Santos.

In summary, we are reducing our spending, controlling what we can and doing it well. With that overview I'm going to ask Andrew to take you through the financials in some more detail.

Andrew Seaton: Thanks David and good morning. I'm going to start on slide 7. 2014 delivered growth in production, in revenue, in EBITDAX, underlying profit and importantly operating cash flow. These are sound results which were achieved despite the lower oil price in the second half of the year. We are well past peak CapEx and we expect to be free cash flow positive by the fourth quarter of this year. With over A$2.9 billion in cash and undrawn facilities our funding position remains sound. As David outlined we're implementing material cost reductions right across the business. From here in the new oil price environment our focus is on delivering shareholder value from the investments that we've made.

Turning to the summary financials on slide 8 without seeking to diminish the non-cash impairment charges that reflect the current outlook for oil prices I believe these numbers underscore a sound operating and financial performance. Record sales revenues of A$4.0 billion were up 12% from the previous year. Production was at the highest level in five years. Underlying profit of A$533 million is up 6%. The impairments as announced last week do not impact our investment grade credit rating or any of our debt facilities. The final dividend has been maintained at A$0.15 per share fully franked. This brings the full year payout to A$0.35 up 17% on the previous year.

When we announced the adoption of a progressive dividend policy last year we made it clear that the Board is conscious of the need to strike a correct balance between shareholder returns, debt repayment and continued investment. Given the movements in oil price since that time the Board took the view that maintaining a steady final dividend is the responsible course of action. The DRP will be fully underwritten consistent with prudent capital management in the current environment. The bottom line is that as a result of these decisions and outcomes we remain well funded to execute our strategy. Our growth story is evident when you look at production on slide 9. We saw quarter-on-quarter increases in production ending the year 24% higher than where we started.

In fact we delivered our highest annual production levels since 2009. This reflects the successful ramp up of production from PNG LNG as well as higher Cooper production. PNG LNG is now producing ahead of expectations and obviously we're targeting a similar success with the imminent start-up of GLNG in the second half of this year. The Cooper Basin turnaround was also evident in 2014 with increases in both oil and in gas production. We've said before that higher gas prices would lead to higher investment and ultimately higher production and that's what we're now seeing in the Cooper after a long period of decline. 2015 production guidance remains unchanged notwithstanding the cuts in the capital expenditure.

On the next slide you can see the record sales revenue. Our third party business performed well again as we leveraged our infrastructure position. We make a margin from all third party oil produced in the Cooper. We also sell third party gas and liquids in Eastern Australia. LNG revenue more than doubled. This reflects the start-up of PNG LNG and also a strong performance from Darwin. EBITDAX was up 8% reflecting the higher revenue and also the sound operating performance right across the business. Moving to production costs on slide 11 and while both production costs and DD&A increased for the year it's important to remember that one of the main drivers has been new assets on line. These include PNG LNG, Dua and Peluang.

Of the A$173 million increase in production costs 60% can be attributed to these new assets coming on line and also a full year of production from Fletcher-Finucane. There's also A$29 million in relation to various planned shut downs right across our operations including the Cooper Basin and the 35 day shutdown at Bayu-Undan. It's a similar story with DD&A which for 2014 was up by 5% on a per barrel basis. This was primarily due to first production from these new assets. As David noted earlier we're targeting 10% cut in production costs per barrel in 2015 and DD&A costs are also expected to be lower as shown on this slide.

On slide 12 you can see the 6% increase year-on-year for underlying net profit, high sales volumes and a lower effective tax rate were the key drivers. This was a solid result given the lower oil price environment in the second half of the year. The headline result of course includes A$1.6 billion in our tax impairments that we've already reported to the market. Turning to operating cash flow on slide 13 and this chart really highlights the growing strength of the Company. With the start-up of new assets we recorded our highest ever full year operating cash flow of over A$1.8 billion, 13% higher than the previous year. In 2015 at a US$60 a barrel oil price we expect to be free cash flow positive from the fourth quarter, that is operating cash flow less CapEx positive. In 2016 we'll be free cash flow positive for the whole year.

If you turn now to slide 14 while I've already spoken to the dividend you should note that we will underwrite the DRP which we believe prudent in the current oil price environment. The DRP discount will be set at 1.5%. On the next slide, slide 15, you can see an additional level of granularity around our reported capital expenditure of A$3.6 billion. As you'd expect GLNG was the largest item at A$1.3 billion. This represents all of the Santos spending in relation to GLNG and includes A$135 million for domestic-stay-in business CapEx, exploration, appraisal and Santos corporate costs. We spent A$937 million in the Cooper and A$426 million in other Eastern Australian assets. This includes our share of the Combabula and Spring Gully developments, also Narrabri] and Mereenie.

Capitalised interest was A$230 million. The A$2.0 billion in CapEx now planned for 2015 will be on a business unit split roughly proportional to the 2014 spend which is shown on this slide. Now let me take you to our reserves position on slide 16. The chart talks to the most significant changes throughout the year. GLNG proved reserves increased by 22% while 2P reserves are up 4%. This reflects positive subsurface performance and upward revision across the GLNG field including our share of non-operated fields the project now has 6000 petajoules of 2P reserves. When you add committed Santos portfolio and third party gas the total is 7800 petajoules including 2C contingent resource brings the total to 9000 petajoules. GLNG is in a strong position on gas supplies today compared to its contracted volume and we've got 20 years in which to supply those volumes.

The Gunnedah Basin reassessment which saw proved and probable reserves down 32% was detailed previously at the investor seminar in November last year. Cooper gas reserves decreased by 7% before production and there were two main drivers of this. First the Greater Tindilpie area where reserves were reduced by 9 million barrels of oil equivalent, this was due to a combination of low oil production from existing wells and a reduced number of planned future development projects. The second area is PEL106A where reserves were reduced by 5 million barrels of oil equivalent. Here field results and desktop studies didn't support the previous operator's position which was what we reported last year.

Overall after 2014 production 2P reserves were down by 9% at 1.245 billion barrels of oil equivalent giving a 2P reserves life of 23 years. More detail can be found in our reserves report that was released to the ASX today. Now my final slide speaks to our balance sheet. Santos has a robust funding position. With the additional A$1.0 billion facility, a debt facility that we secured in December last year we now have A$2.9 billion of liquidity. Net debt at year end was A$7.5 billion and our average borrowing costs were significantly lower than the prior year. We have minimal drawn debt maturities until 2017. It is our intention to maintain an investment growth credit rating and we believe that we are well positioned in that regard.

In closing I believe our results today show that the business remains in good shape. We are well placed to manage through the current conditions whilst sticking to our overall strategic course. Peak CapEx is well behind us. Our funding position is strong and we've taken the steps needed to meet the challenges of the lower oil price environment. With that I'll hand back to David.

David Knox: Thank you very much Andrew. I'm now going to turn to slide 19. The transformation of Santos remains on course. In Vietnam and Indonesia two key Asian growth projects were delivered in 2014 on or before schedule and both on budget. We achieved good exploration and appraisal success, in particular, Lasseter in the Browse and Barossa in the Bonaparte Basin, I'll say more about these later. We've made our first entry to Malaysia through an agreement to acquire a participating interest in two exploration blocks located in the Sabah Basin. Exploration drilling began on Block S towards the end of 2014 and will continue in Block R this year.

Finally to the LNG projects on slide 20. As I said at the start of our call we're really pleased with progress. The reservoirs are producing better than expected and in conjunction with secured third party gas we are confident in delivering the volume to fill both our trains for 20 years. The capacity is there. The surface kit and the plant commissioning are making progress right on schedule. The upstream is ready and so is the pipeline. I recently visited Curtis Island with Bechtel's senior management and the progress on site since my last visit is just as good as I expected it would be. The pipework has progressed, the majority of the cable has been pulled and there's a good atmosphere of progress right across the site.

First gas is one of the many commissioning milestones. After this the next big one will be the spinning of the first of the six massive gas compressors which are at the heart of the plant. Train 2 is also coming along well and will as promised be ready for start-up by the end of this year. So clearly we're on track and furthermore GLNG is a robust project which provides free cash flow at US$40 per barrel. Let's go into a bit more detail on the upstream works on slide 21. Our focus in 2014 was to ensure that we had the capacity to supply the gas when the plant needs it, to ramp up Train 1 and commence the ramp up of Train 2 by the end of this year. The quality of our CSG fields particularly Fairview continues to surprise us on the upside. Fairview now has more than 250 wells on line. As you know, we expected these wells would have a capacity to produce over 500 terajoules per day.

In fact by the end of this year we expect the field to produce an extra 100 terajoules per day bringing the total capacity to 600 terajoules per day. This is a step change from what was contained in our plan last year and demonstrates how well Fairview is performing. At Roma more than 100 wells are on line and gas production is ramping up as expected. In short I am confirming there are fields as they stand combined with third party gas will comfortably meet the gas required to fill Train 1 and to ramp up Train 2 on target. The surface kit is ready, Fairview Hub 5 is operational and Fairview 4 and Roma too are well into commissioning. As I said, the upstream is clearly ready to start supplying gas to Curtis Island as and when it is needed.

Turning to the pipeline and the LNG plant on Curtis Island and I'm now on slide 22. The 420 kilometre gas transmission pipeline is complete and gassed up all the way to the island. All rehabilitation works on the pipeline route are also complete as our pipeline interconnects with BG. All 111 modules are now set on Train 1 and Train 2 which is excellent. Both LNG tanks have now been hydro tested and the loading jetty has long been complete. Bechtel is responsible for plant commissioning and we now have 107 Santos operational staff embedded in their commissioning team at the plant with gathering first LNG in the second half of this year.

We're now going to take a close look at PNG LNG on slide 23. First LNG was delivered ahead of schedule in April 2014 and the project was ramped up to full capacity by late July. Since then the project has delivered a total of 68 cargos to our customers in Asia. This is an outstanding achievement. All eight Hides development wells and the produced disposal well have been drilled and completed. The development and produced water well results are being used to refine the Hides reservoir model. Last quarter Exxon also commenced the drilling of the exploration Hides F1 well. This is targeting a deeper exploration play which lies directly below the existing Hides fields.

The well was previously known as Hides Deep, it has intersected the existing Toro reservoir, this section has been logged in case for future production and drilling is now continuing to the exploration target below. As I've said before we are confident expansion will happen but it remains just a little early to say - predict exactly how and when. As an existing infrastructure owner and the holder of prospective acreage Santos is well placed to benefit from any expansion of the project, whatever the source of that expansion gas Santos has its feet at the table to benefit from remarkable growth options.

I'm now going to take a look at our promising exploration program. I'm going to start in the Browse Basin on slide 24. On the back of the Crown and Lasseter discoveries the appraisal planning and development concepts are being progressed. We are excited to see the extent of the very high quality sandstone reservoirs we've found in both of these wells. We've committed to a 3D seismic program this year across the blocks. Further to the north east we look closer at the Bonaparte Basin on slide 25. Earlier this year we announced further success with the Barossa appraisal program. The result at the Barossa-3 well confirmed a much larger and better quality resource than originally anticipated.

Barossa-3 was an aggressive step out and we got a great result of over 100 metres of net pay over the target allowing formation. Our operator ConocoPhillips is currently drilling a third well in the program and that's Barossa-4. Importantly Santos has carried on this appraisal program which obviously makes Andrew happy given the very tight rein he is applying on spending in 2015. Overall the Barossa success to date strengthens Santos's position as a key player for either backfill or expansion at Darwin LNG.

So to close our commentary before we take your questions our strategic portfolio has made us a key player in the Asian gas market. Backed by long term offtake agreements to high quality Asian buyers Darwin LNG, PNG LNG, and GLNG will provide strong cash flow for decades to come. Over the last 12 months we've delivered on our key strategic milestones. Andrew has pointed to the positive contributions from strong oil and gas production. We lifted our revenue to our record for Santos in 2014. We have shown you that the balance sheet remains in good shape. We've moved swiftly to reduce OpEx and CapEx materially to address the oil price environment. Above all we are focusing on delivering shareholder value as our major investment program is completed.

What we're most excited about now is the start-up of GLNG in the second half of this year. Looking ahead we remain bullish about the medium to long term fundamentals for the energy sector particularly in this region. In that regard we are well positioned as and when commodity conditions stabilise and improve. Thank you, we'll now take your questions and I'll hand over to Leah our operator to coordinate. Can I have the first question please?

Operator: Your first question comes from the line of Dale Koenders of Citigroup, please go ahead.

Dale Koenders: (Citigroup, Analyst) Morning David and Andrew. In terms of your 10% OpEx reduction in target for 2015 which is a good step, where do you see the cost bases for Santos after this has been delivered? Do you see room for more cost reductions going forward given others in the industry are sort of - set targets higher than that, 15% to 20%?

Andrew Seaton: Dale I think that there is more scope for cost out than the 10%. 2015 is a bit of a messy year for us if you like in terms of operating costs and that's because with the start-up of GLNG where hubs have been handed over - so for example, Fairview Hub 5 was handed over late last year to operation that's now being expensed, the cost associated with that. So progressively as equipment is handed over we'll see our operating expense go up and that's ahead of the production from GLNG starting up. Of course during the ramp period you have disproportionately higher operating costs so that's certainly a consideration for us. At the same time David pointed to the steps that we've already taken across the business and we're continuing to push more costs out and our suppliers are responding well to that as well.

David Knox: I think Dale, especially we're working with our suppliers and particularly in things like drilling rigs we're already seeing a 20% reduction in the day rate on drilling rigs in the Cooper Basin. That will flow through and as Andrew says through 2015 and will flow obviously through in 2016 and beyond. So I think 10% is the minimum and we'll be driving for far more as we flow all of this through.

Dale Koenders: (Citigroup, Analyst) In terms of the comment for asset sales, David you've been quoted in the media recently about pursuing a GLNG pipeline sale, could you provide some more comment about if that is a realistic target and JV partners sort of views and opinions on that sale and possible timing?

David Knox: Yes, that's right. Yes, we have, we've been quite straightforward in that. We've now appointed Goldman Sachs or the JV has appointed Goldman Sachs to support us in this. So the JV is right behind this so we will progress this during 2015 and as I say the JV is fully engaged.

Dale Koenders: (Citigroup, Analyst) Finally, just in terms of the Cooper reserves downgrades which were a bit disappointing, what is your view on this asset going forward? Does this break the infield drilling story? Should we be thinking about a life of this asset in line with the reserve life of 10 years or what is your outlook for this asset longer term?

David Knox: So let me just make a few comments and I'll ask Andrew to add some more colour. The fourth quarter - as you've seen in our fourth quarter report in the Cooper Basin it's had a very good production performance. That production performance is continued in 2015. At the investor day James Baulderstone promised we'd achieve our capacity of 450 million standard cubic feet by the end 2014. We've achieved that 450 million standard cubic feet capacity. So what's pleasing about the Cooper Basin is that the fourth quarter really showed that it's building its production. As I say I can confirm that has continued into 2015 and what's really delivered that has been the performance of the recent Big Lake pad, the performance of our frack spreads and our drilling rigs on those pads.

Andrew Seaton: Dale, maybe if I can just add on the reserves piece. As I said the reserves downgrade was Greater Tindilpie and that's really the story from 12 months ago. It's a continuation of the hit that we took a year ago. The Greater Tindilpie wells just haven't performed as well as we'd hoped. Then the other area that I referenced was the drill search acreage where we farmed in. Now we've taken a bit of a write down because our studies didn't support the reserves that we put on the books directly from drill search. But I've got to say the last couple of wells that we've drilled in this area have been positive upside results. As David said the Big Lake pads are performing well so no, the Cooper has got a lot of life in it yet. Obviously with our reductions in CapEx we're very focused on the delivery and getting the reliability up and the surface kit right so we're not going to be doing a lot of appraisal drilling for the next year at least. But there is a lot of scope still in the Cooper and obviously higher oil prices - higher gas price I should say on the East Coast is a key enabler of continued investment in that basin.

Dale Koenders: (Citigroup, Analyst) I guess back in 2010 the target was set for 1000 petajoules of net reserve over the next five years but we're approaching that five years on and we're almost back to square in terms of the reserves through that period. Are you still targeting that aspirational reserves add going forward?

Andrew Seaton: Dale, it's interesting we came out of the box on that one five years ago and booked a lot of reserves up front, some of those have now come off. As I said the focus right now and David pointed to the increase in production the focus right now is on taking costs out, right sizing it in the current environment, delivering on our contractual commitments. The reserve adds would necessitate quite a significant appraisal spend and we're just not allocating the budget to appraisal work this year.

Dale Koenders: (Citigroup, Analyst) Okay, very good, thank you gentlemen.

David Knox: Thank you Dale.

Operator: Once again ladies and gentlemen to ask a question you will need to press star one and wait for your name to be announced. Your next question comes from the line of Mark Wiseman of Goldman Sachs, please go ahead.

Mark Wiseman: (Goldman Sachs, Analyst) Hi guys, thanks for the update. Just a first question on the dividend, obviously given the macro conditions 2015 earnings look like they'll be substantially lower than 2014, should we still read that the progressive policy over the full year should apply going forward?

David Knox: Mark, we've not changed our progressive dividend policy. When we announced it we always said that we had to respond to market conditions and they had to be taken into account and I think everyone understands there's been a very significant change since the middle of last year. So the Board is not moving away from a progressive policy, the Board is not removing - moving away from its commitment to really deliver returns to shareholders, that's going to become increasingly important to us as we reduce our capital spend from our major projects. So no, our progressive dividend policy is absolutely unchanged. We are however going to be prudent depending upon the market conditions and that's what we've decided to do this year to take a very prudent and reasonable position on the dividend.

Andrew Seaton: Probably one more point to make Mark is that our operating cash flow last year was strong and we've clearly said we will be free cash flow positive by the fourth quarter of this year and free cash flow positive moving forward through 2016. So the financial flexibility of the Company is improving as we put our major CapEx programs behind us and so we're going to be generating good cash even in lower oil price environments.

Mark Wiseman: (Goldman Sachs, Analyst) Just another question if I could just on GLNG, I know we've spoken before about a three or so year ramp ups in production to the full contracted capacity, if oil prices remain lower for longer can you just remind us of how those contracts kick in and if you were to go slow in that ramp up by pulling some CapEx out and perhaps drilling less wells what's your minimum requirement to deliver to those customers?

David Knox: The ramp up is not going to be affected and proven in fact quite the reverse. What we're seeing is an over performance from our current wells. We'll get the whole system connect up and running by obviously the second half of this year. We're not going - we're planning on continuing to achieve the guidance that we've already said on the ramp up. If anything I'm becoming increasingly confident around that not the reverse so that's completely unaffected.

Mark Wiseman: (Goldman Sachs, Analyst) Okay, that's great and just finally if I could, I was intrigued by your comment that GLNG breaks even at about A$40 a barrel that's certainly better than our forecasts and I guess it just begs the question if the A$1.0 billion sustaining CapEx for the first five years and the OpEx of A$150 million downstream and A$1.25 per gig in the upstream, does that still all apply and is that A$40 co-guided in the first five years when you're still in that heavy sustaining CapEx period?

David Knox: Yes, it is, it's in all years but I think what's happening Mark here is we've moved away from big heavy capital investment phase and obviously we use in the upstream Fluor as the key contractor working with us on that. We've demobilised Fluor now completely, we're now in what's more described as self-managed situations where we go to individual contractors who are best for that particular job. We've simplified the designs we're using, we've got better at the execution, we've got some execution teams. We are seeing the cost of the next bit of compression, the next well pad for the additional drilling is reducing very, very significantly.

I'm not going to change the guidance today but we are seeing considerable costs coming out of GLNG as we go forward, as we learn, as we do things better, as we change our contracting strategy and as we basically manage small incremental projects and we manage them extremely well. All of our small incremental projects that we're running some of them are not that small but say the Comet Ridge to Wallumbilla pipeline, we've just completed that project. That project which was a reasonably sized large project, that project has been completed on schedule and well under budget.

Andrew Seaton: Mark, so the answer is the guidance is unchanged and the free cash flow positive at A$40 oil takes into account all of that guidance and that's from 2016 onwards. Another point I'd make is that third party gas is linked to the oil price so it does provide a bit of a hedge to our input costs in a lower oil priced environment.

Mark Wiseman: (Goldman Sachs, Analyst) Okay, that's great, thanks.

David Knox: Thanks Mark.

Operator: Your next question comes from the line of Ben Wilson of J P Morgan, please go ahead.

Ben Wilson: (J P Morgan, Analyst) Gooday David and Andrew, just a two questions. One I was just wondering if you could provide a comment on this cyclone that seems to bearing down on mid-Queensland, we've heard maybe there's been some sites shut down at the Gladstone there. Also sorry I missed part of the comment you made earlier with respect to the question on asset sales processes, if I could ask on the GLNG pipeline do you see any benefit on the assumption of a similar sale price to that which was achieved by BG, any benefit, net benefit, to your credit metrics which S&P look at? Thanks very much.

David Knox: I'll address both of those things. Yes, I've had a couple of conversations with the site this morning on the cyclone. It is clearly a very serious cyclone, potentially a category 5 that by any standards is very serious. What we've done on the island is earlier this week we started basically tying everything down, obviously Bechtel are running the site but everything was being tied down basically and that's everything from moveable containers, scaffold boards, the whole nine yards. Then we demobilised all the staff who live in Gladstone back to Gladstone and those who don't live in Gladstone obviously have gone further. Those staff that are resident on the island because they do effectively a couple of weeks on or a month on, month off, those staff are in the accommodation on the island. We have about 1500 rooms on the island. Those rooms are cyclone proof.

They're designed for this condition. In addition we've got a very small Santos operational team who are in the control room, a very small number of staff in the control room. So everything this morning is absolutely battened down and of course we're just keeping a very close eye on the situation. Nobody is going backwards and forwards across the harbour, that's been closed for at least 24 hours now. So there's been a lot of preparation and planning and engineering design for an event such as this which is very infrequent in Gladstone, very infrequent indeed.

On the asset sales I'll allow Andrew to talk to the metrics but yes just to confirm we are working with the whole GLNG partnership and the support of that partnership to monetise the pipeline and we've appointed Goldman Sachs to support us and help us in that process.

Andrew Seaton: Yes Ben in relation to the credit rating the monetisation of the pipeline will be credit enhancing in that you're really arbitrising your lower cost of capital that's available from the prospective purchases versus our cost of capital. So for the effective operating costs that you capitalise back we'll be receiving disproportionately more proceeds upfront if you like because of the lower cost capital.

Ben Wilson: (J P Morgan, Analyst) I think S&P confirmed to us the other week that they used the 7% discount rate on those operating costs so it suggests that maybe you can do better than an implied IRR of 7% on a sale process.

Andrew Seaton: That's right. Yes, I think we've seen that already with other like sales.

Ben Wilson: (J P Morgan, Analyst) Okay, and just lastly I just want to ask about Kipper Gas any chance or any plans to get that up to the GLNG somehow?

David Knox: Kipper Gas will come on in 2016 as has been planned for a long time and as probably everybody knows Moomba is a critical piece of infrastructure and does allow us to move gas around. So it is a key part of the strategy to be able to move gas between states and obviously we do that anyway, we supply New South Wales from Moomba, right now obviously South Australia have historically supplied Queensland. So it does give us some real option in flexibility and as I said Kipper is coming on in 2016 and we'll really welcome it, the timing will be very good for us.

Andrew Seaton: Ben we do swop portfolios around but we also physically transport the gas.

David Knox: So we've got some real flexibility in the gas market.

Ben Wilson: (J P Morgan, Analyst) Okay, so no rush to contract that gas so I guess my implication, is that the message?

David Knox: No, we're not, we're just looking forward to the coming on and then it'll come on into what we believe will be a good strong domestic gas market in 2016.

Ben Wilson: (J P Morgan, Analyst) Okay, thanks very much guys.

David Knox: Thanks Ben, thank you.

Operator: Your next question comes from the line of Stuart Baker of Morgan Stanley, please go ahead.

Stuart Baker: (Morgan Stanley, Analyst) Good morning gentlemen, another question on the Cooper Basin. Just to clarify something with respect to your current reserve there about 970 pjs, 750 going to GLNG and by my rough understanding about another 150 odd maybe 200 ish still to be contracted and rolled off into the domestic market 2015, 2016, 2017, is that approximately correct?

Andrew Seaton: Yes, I think your numbers are all factual. Just remember Stuart that the GLNG 750 volumes are not necessarily linked to the Cooper, their Santos portfolio gas so I think Ben's point on Kipper before was pertinent as well that we can swop gas around as we see fit.

Stuart Baker: (Morgan Stanley, Analyst) Okay, thanks for that. Just a second question on the Cooper and maintaining deliverability as distinct from reserves and with a number of rigs allocated for drilling down from seven to three and obviously capital tightening generally, I'm just wondering what lump of capital is required over an extended period to extract the undeveloped proportion of that reserve which is about 45%. I obviously understand that you've got a period of years to do that but just wondering what is an average level of spend over a number of years to develop the remaining 2P?

Andrew Seaton: Stuart we've previously guided loosely to around A$450 million of sustaining CapEx in the Cooper and that would develop that 2P. The good thing at the moment is the way that our suppliers are responding and the costs we're taking out of our business. So the real challenge for us is to ensure that the cost out remains even as we move forward if the oil price recovers.

Stuart Baker: (Morgan Stanley, Analyst) Okay, thanks for that and just moving over finally to something completely different, up at PNG Hides wells have been drilled, development on line, PWD well done, any insights yet into when we'll see a Hides field reserve determination and going back some years there was an expectation that that reserve could be quite a lot larger and help to underpin the expansion, that story seems to have gone very quiet over a period of time and we don't hear much about it all now. I'm just wondering whether the development see to date based on results in no material change to the Hides reserves.

David Knox: I think Stuart evidence now incorporating the results into the reservoir model like many of these things the more results we get the more time it takes to really get the model to absolutely history a match, particularly the water context is the most important thing that is being worked on right now. So I think what you'll see over a period of time is increased confidence around that Hides model. Also as you produce - everyone knows produce more of the gas in the Hides reservoir you get another pressure sensitive indication of the size of the total contactable volume by the current well stock, so we're starting to see a bit of that.

So I think what we'll see over a period of time is again more confidence around exactly how big the Hides reservoir is. I don't think the fact that it's been quite quiet should give anybody anything other than - our confidence is unchanged in the Hides reservoir is likely to get bigger over time. But we just have to give it time so we can prove that and that process is ongoing.

Andrew Seaton: Stuart there are triggers for formal redeterminations amongst the joint venture and the different fields but they have not been triggered so there's no formal redetermination scheduled in or being required by the partners at the moment.

Stuart Baker: (Morgan Stanley, Analyst) Okay, thanks very much for that.

Operator: Your next question comes from the line of Nik Burns of UBS, please go ahead.

Nik Burns: (UBS, Analyst) Thanks very much. Look just a first question from me, you've been very proactive in the face of lower oil prices, you've outlined plans to cut CapEx, you’ve got extra liquidity in place and today have announced lower operating costs and plans to underwrite your DRP, you're looking at asset sales, with S&P maintaining your BBB credit rating I know David you've been in the press saying that you see an equity raise as a last resort, with everything that's in place now are you in a position where you can categorically rule out having to raise equity this year?

David Knox: Nik, no, our position has changed. As you've rightly said we've taken proactive steps and we're doing it very seriously, we're doing it in a manner which is extremely rigorous. As you say we've cut 25% of our CapEx, we're reducing our OpEx, we've raised A$1.0 billion of additional liquidity, so today we've talked a little bit more about staff reductions as well. So we are continuing to turnover every stone to make sure that the firm is fit, strong, lean and healthy in what I call a A$60 world but basically a low priced world and that's what we're driving towards. So our position on equity is absolutely unchanged.

Nik Burns: (UBS, Analyst) So can you rule it out for this year?

David Knox: Well I'm not expanding on that I'm just saying we are completely - our position is completely unchanged and what we've been doing is taking real proactive steps to make sure that that's underpinned by real actions and I think you've probably seen some real leadership from us on that front.

Andrew Seaton: Nik, we've said that investment grade credit rating is important to us and note that we're two notches above sub-investment grade so we're pretty comfortable with where we're at.

Nik Burns: (UBS, Analyst) Understood. Look my other question was just relating to the gas contract with GLNG which initially as you said would be supplied from the Cooper Basin, can you just give us some understanding around the shape of that in terms of when you're expecting first gas to be sold from Cooper into GLNG and that 50 pjs ramp up how does that ramp up over time? Also just in terms of the pricing, I understand that's probably an oil linked contract as well and with - if oil price stays around current levels should we expect other realised gas price from the Cooper, from your portfolio going up or down post GLNG - sorry post the commencement of this contract?

David Knox: It is oil linked. It'll start up as GLNG starts up and it's obviously - our total of 750 petajoules or about 143 I think after fuel gas of terajoules per day, so it'll start when GLNG starts. It is oil linked so it's obviously - and the price on that contract does drop as oil price and equally it goes up as oil price goes up and it gives you a bit of a hedging effect for the GLNG owners. We don't announce the exact price but…

Andrew Seaton: Nik, in terms of the ramp up there is a commissioning period allowed for under the contract but then it becomes a flat effectively block of 50 petajoules per annum for the next 15 years.

David Knox: That's right.

Nik Burns: (UBS, Analyst) When does it reach that level?

Andrew Seaton: Within several months of plant commissioning.

David Knox: Yes, quite quickly I think.

Nik Burns: (UBS, Analyst) Okay, great, thanks very much.

David Knox: That's what the Cooper Basin is set up to deliver, that contract, all this hard work that's being going in and the performance of our wells will underpin that in the Cooper Basin.

Andrew Seaton: Interestingly the Cooper Basin is already delivering gas into LNG.

David Knox: It is yes, through the BG plant.

Nik Burns: (UBS, Analyst) All right, what sort of volume are you selling to BG at the moment?

David Knox: Small.

Andrew Seaton: Small volume but - and probably shouldn't talk about the actual volume but it is actually - the gas is flowing.

David Knox: Yes.

Nik Burns: (UBS, Analyst) Great, thanks very much.

Operator: Your next question comes from the line of Kirit Hira of Macquarie, please go ahead.

Kirit Hira: (Macquarie, Analyst) Morning David and Andrew, just a couple of questions around the cost reduction. You talked about 500 odd positions being removed to date, just wondering if we can get a sense of how many of those positions are permanent staff versus temporary staff that has been built up over the recent years, just given the development that you've been undertaking over recent years?

David Knox: They're not temporary staff. These are real positions that are being removed from the Organisation and the 520 number is the number to date. There are going to be more over the coming weeks and months so these are real - this is not fun, these are real people who are leaving the Organisation and it's a difficult time for everybody and we're working through it very diligently. But it is necessary for us to come out the other side as I say a stronger firm than when we went in.

Kirit Hira: (Macquarie, Analyst) In terms of just skipping to GLNG, in the upstream at Fairview you're targeting 600 terajoules a day at the end of 2015 just based on average deliverability, that implies only another 50 wells connected this year at Fairview. Does that mean that more wells will be connected at Roma or does it mean there's a greater reliance on third party gas, it just seems like a fairly slow pace of additional wells being connected there?

David Knox: Yes, basically what's happened in Fairview is the performance of the Fairview wells has been excellent and that means that while we connected a huge number of wells last year and we've got some more to connect this year we don't need to go at it like a bull at a china shop any longer. We can go in a much more measured pace and that's why we're bringing the rig numbers down progressively this year in the plan because we don't need to drill a huge number of new wells. We need to disconnect all of our wells stock up and we've got it largely all connected then we need to just bring all those wells on. The other thing that's important and we've discussed it many times in the past, there was all sorts of concerns and worries about can you turn down wells?

Again the Fairview fields being an exceptional field does allow us to turn down connected wells which gives us a high degree of flexibility which is frankly very helpful going forward. But we currently have 358 wells on line today, the majority in the Fairview field, the rest - the balance in the Roma field. We do have more wells than that which are connected but they're not on line because we've only been - we're able to shut in some wells. So we're going to have plenty of well capacity and I think the other key thing of course is our objective here is to make sure that our existing hubs and the new hubs basically that they run full from the get go. Then we'll continue to add further compression in order to make sure that both trains are absolutely full.

What's happened here is there's been a real uplift in the performance of Fairview and what's happening is that Roma field is delivering in accordance to what we hoped with potential to go beyond. That's what happening, that's what's driven our ability to say that we're increasing our capacity at the end of 2015 and has allowed the flexibility to basically reduce the number of wells we have to drill.

Kirit Hira: (Macquarie, Analyst) What's the CapEx implications of that in terms of - I mean the compression if you add up all the hubs in terms of the existing Hub-4, Hub-5, it's around 550 terajoules a day which closely matches that 500 to 600 terajoules a day that you're targeting at Fairview. Is there any production - sorry CapEx implications from that additional performance you're seeing at Fairview?

David Knox: Well there may ultimately be but we're not at this stage going to change our CapEx guidance which is effectively A$5 billion over the next five years or A$1.0 billion a year, we're not going to change that. But potentially as I've said the increase in field performance does allow us to obviously reduce the number of wells, that's good. The other thing that really is being - starting to be really factored in is following our move away from our contractor philosophy when we were doing the big contract with Fluor who are much more bespoke set of contracts with the really good Aussie contractors doing specific smaller jobs, we're getting very good performance out of that and that's allowing us to drive real efficiencies. So I'm more optimistic that I was probably 12 months ago that CapEx will come down in the future. We really are seeing some good performance and this goes to the very heart of this coal seam gas business that by driving down our costs that's what really drives our profitability.

Kirit Hira: (Macquarie, Analyst) Just a last question around the Cooper, I know there's been plenty of questions there. But you talked about the reserves downgrade there, we know there's an infrastructure footprint being expanded, just wondering just given the lower prices that we're seeing given the oil linkage, how much of that capacity will be reserved for third party gas? I know you're suggesting that maybe Kipper could be bought it but is there scope for Santos to take more third party gas there? But also would Santos look to aggregate more acreage outside of the FACBJ recently you've done that in the Western flank and also in some northern acreage?

Andrew Seaton: Yes, Kirit we are - I guess with the reduced CapEx slowing down the infrastructure build out in the Cooper. Obviously taking CapEx out third party gas is good business for us. We're certainly open for business and we'll make sure that we've got the capacity provided the economics stack up for us. We're putting increasing volumes of third party gas through the plant at the moment but it's a matter for others to bring that gas into the plant.

Kirit Hira: (Macquarie, Analyst) Okay, that's great, thanks guys.

David Knox: I think the key thing with Moomba is it is increasingly going to be obvious because this is a really key piece of infrastructure for the east coast of Australia. This is where all the pipes come together.

Kirit Hira: (Macquarie, Analyst) Right thanks.

Andrew Seaton: We're not building to spec, you know built it and they will come, we're spending the CapEx for the direct line of sight that we have to our production and modest third party gas that's coming in at the moment.

Kirit Hira: (Macquarie, Analyst) Okay, thanks guys.

Operator: Your next question comes from the line of Mark Samter of Credit Suisse, please go ahead.

Mark Samter: (Credit Suisse, Analyst) Morning guys, I might start with a slightly mundane question if I can for Andrew. Andrew, CapEx of A$3.6 billion, this may just be because I'm not an accountant and missing something but in the investing cash flow there's about a A$200 million difference, is that just a timing issue?

Andrew Seaton: Yes, it is Mark and you'll see that again in 2015. Reality is that we prepaid and we pre-funded Bechtel, Saipem and Fluor so yes there's a benefit in 2014 and there'll be another benefit this year. That CapEx was spent in 2012 and 2013.

Mark Samter: (Credit Suisse, Analyst) At a similar size this year or…

Andrew Seaton: It comes down a bit as the projects taper off so it's probably not the same magnitude as last year but it is still positive for us.

Mark Samter: (Credit Suisse, Analyst) Okay, great. Then David a question for you just on the longer term strategy and it slightly ties into the next question about the equity raising, I mean we can quibble on the exact numbers but on the old price deck you guys used probably FFO to debt doesn't get above 30% until 2017, 2018 whichever number it may be. In the absence of asset sales are you fundamentally happy to sanction no new projects in the next three or four years and therefore produce materially less at the end of the decade, turn of the next decade or do you think there comes a time when the business has to invest in growth opportunities and just how you balance out in the company strategy, how long do you hunker down for?

David Knox: Well we're clearly right now we're very focused on making sure we do deliver our largest project that we've ever done in Santos and that's clearly going to be the focus of this year. As I've talked about we're also - we are continuing exploring this year, we've got the wells that I just talked about in Malaysia and obviously we've had some very, very good success in the Browse Basin and also in the Bonaparte Basin. So that combined means that we have a really - a very strong portfolio and that gives us the opportunity to make choices as we go forward. As I say we're going to be making choices between returning effectively money to shareholders and investing for growth. That's where we'll play the balance going forward. We're in a strong position though that we do have a good portfolio and our exploration success, recent exploration success has further built on that.

So we really are in a very good place to make some really rational choices going forward. I also Mark, fundamentally believe and still fundamentally believe that Asia is the growing economy, energy is going to be increasingly important and particularly gas because gas ultimately does have a lower footprint than some other sources of energy and I think that'll also become increasingly important as we go through the rest of this decade. We're fortunate in Santos in that we're now involved in three really, really high quality LNG projects. We've got great off takers so that's going to underpin the long term future of our shareholders for the next 20 or 30 years and that's where the real value comes in this Company.

Andrew Seaton: It's just really finding a balance and I talked about the balance that we need to find between ongoing CapEx for growth and maintaining our dividend and shareholder value and returns.

Mark Samter: (Credit Suisse, Analyst) Can I just ask one last question if I can. David you talked about you thought you had - you said you have cover for when Train 2 is fully ramped up, six months on the call you talked about still being in the market for third party gas deals if they make sense, should we take a statement today as saying any third party gas deal is categorically off the table now?

David Knox: No, no, absolutely not. I actually stand by the same comment. If it makes sense we'll go for it and where we are on the GLNG reserves just to be absolutely clear, we've got 5600 petajoules of 2P, we've got 1800 petajoules of third party that we've purchased and the beauty with that is there's no ramp and tail and as Andrew said it's - to a certain extent as a hedge to the downside. We've got 400 petajoules of our own Santos fields. When you add that little lot together you get 7800, you then add on the 2C which is not an unreasonable thing to do so we're up about the 9000 petajoules level which is plenty to fill two trains for 20 years which is our objective. So any suggestion that that's not available to us I think is just - the facts just don't support it at this stage. However, if a third party gas deal makes sense to the GLNG partnership obviously it's got to make sense to all the partners, then absolutely we'll entertain it.

Mark Samter: (Credit Suisse, Analyst) Can you just explain that sorry - how if you got the cover how does any third party gas deal make sense?

David Knox: Well simply because it's a choice of do you invest in the additional compression or do you in fact by deliverability and it's a simple trade off you can make and we'll continue to make it. We've been making it for the last five years and I think we've made it very successfully. I know not everybody has agreed with me but at the - once when we get this up and running I think everyone will see the massive benefits of having a mixed portfolio.

Mark Samter: (Credit Suisse, Analyst) Do you have any - is there an oil price where in the short term deliverability issues - the contract with Origin 95 pjs of that is puttable by them, the WestSide contract is obviously up to certain volumes, is there a realistic threat at a A$50, A$60 oil well that you probably don't get those volumes, maybe it doesn't make sense for them.

David Knox: It's hard to judge what their development costs are. What we've said obviously is that GLNG is profitable at US$40 after CapEx so I don't know if that gives you an indication of where the price would need to be for them to choose not to develop reserves. But it goes to my earlier comment and I don't think Origin will be any different from us is that we're seeing a substantial reduction in our costs as we develop the next phases of these projects. We've learned a lot, we're working with the best contractors now with a really fit for purpose design and that's knocking - we're talking 30%, 40% coming out of our cost base here, very substantial and I would imagine that applies to Origin just as much as it applies to us.

Mark Samter: (Credit Suisse, Analyst) That's great, thank you.

Operator: Your next question comes from the line of Hugh Morgan from Deutsche Bank, please go ahead.

Hugh Morgan: (Deutsche Bank, Analyst) Hi David, Andrew. Just another question around the investment grade credit rating, Andrew as you mentioned you've obviously still got BBB- up your sleeve I'm just wondering if you can give us sense around - if hypothetically there was to be a move to that rating what it could mean for interest costs or covenants or anything like that?

Andrew Seaton: That's an easy one and thanks for the question Hugh, the answer is absolutely nothing.

Hugh Morgan: (Deutsche Bank, Analyst) Following on from that it would imply that that's on the economic stratum of opportunities, of ways to deal with the balance sheets that's a pretty attractive thing to allow to happen.

Andrew Seaton: Listen you know credit rating is an important mix for us but yes BBB- is still investment grade. Obviously we're happy with where we're at.

Hugh Morgan: (Deutsche Bank, Analyst) Just another question, a slightly different direction around exploration. Just comparing the plans for 2015 versus I guess where you were at, at the investor seminar late last year, it does look like there's more activity in Malaysia than previous. David I'm just wondering if maybe you can just give us a bit of sense around the prospects of some of those targets, potential size, probability of success, some factors like that?

David Knox: Yes Hugh, at the investor day we weren't able to say anything about the Block R investment because it hadn't been approved by - ultimately by PETRONAS. That has now been approved and we've just started drilling the first well on that. So these are - the Sabah Basin is an oil prone basin, very high oil prone basin, there's obviously a very, very prolific basin. It supplies into Brunei and it also supplies the big plants at Bintulu. So though it's oil prone is has quite a number of very, very, large condensate fields in it. We're drilling basically a series of five wells in total. These are relatively straight forward exploration style wells into high quality oil prospects and our partner IMPEC leads one of the - and JX Nippon leads the other.

Andrew Seaton: Reasonably sizeable oil prospects. The beauty of the basin as well is the infrastructure that's existing and with PETRONAS as a partner in all of the permits the access regime to infrastructure is favourable to new discoveries.

David Knox: We clearly have a good relationship with PETRONAS and when I say sizeable I'm meaning 100 million barrels and above, these are good quality prospects.

Hugh Morgan: (Deutsche Bank, Analyst) Okay guys, that's really helpful.

David Knox: That's 25% in one and 20% in the other.

Hugh Morgan: (Deutsche Bank, Analyst) Sure, great, thank you very much.

David Knox: Thank you very much, very exciting stuff.

Operator: Your next question comes from the line of Stuart Baker of Morgan Stanley, please go ahead.

Stuart Baker: (Morgan Stanley, Analyst) Sorry gentlemen, just another follow up question. Just going back to the comments that Andrew made about GLNG being cash flow break even at about A$40 barrel, just triggers a thought process which is, we had a view that the LNG contracts had S curves or flaws or something in them. No doubt there's been chat around it over a period of time, haven't seen anything much more recently and just wondering whether your contracts do give you downside oil price protection particularly given there's been a few people around the world suggest maybe oil prices touch A$20, A$30 or whatever. Do you have a flaw in there that gives you a guaranteed minimum revenue and are we anywhere near it?

Andrew Seaton: Stuart, I think we've consistently said we don't have S curves as such in any of our offtake contracts from GLNG. There are kink points but they're not an absolute flaw as such.

David Knox: We have no - we have absolutely no flaw Stuart in our contracts.

Andrew Seaton: So there's slightly different slopes but you don't get full downside protection but at the same time we don't capped on the upside.

Stuart Baker: (Morgan Stanley, Analyst) Okay, thanks very much.

David Knox: That's correct, yes.

Operator: Your next question comes from the line of Scott Ashton of BBY, please go ahead.

David Knox: We'll make this our last question if we could.

Scott Ashton: (BBY, Analyst) Good afternoon David and Andrew. Look just a very quick question on the organic growth in PNG. The Hides Deep well is outside the stratigraphic limits of the PNG LNG so I suppose some questions…

David Knox: No, no, no, it's in the structure but not as part of the current PNG unitised project.

Scott Ashton: (BBY, Analyst) Correct so…

David Knox: It's underneath, it's in the same structure. That's the beauty of it, it's right underneath the Hides.

Scott Ashton: (BBY, Analyst) Correct, so on the basis that there's still some determinations going on with the size of the Hides tank could you form a view that it may be post the Hides Deep well is when we'll get a clearer picture on how big the tank is and therefore that triggers then some redeterminations in unit expansion. So is that one way to think of it in terms of the timing?

David Knox: Yes, that's right. What the Hides Deep well does is it obviously gives us another data point in the Toro reservoir which is the main Hides field so it gives us another data point there. But obviously the fundamental thing about it is this is a very high quality exploration prospect which lies right underneath the existing infrastructure. So if it is successful then clearly it's a very high value asset to come into the existing infrastructure and while on its own, we don't…

Scott Ashton: (BBY, Analyst) And you've got a higher equity - sorry…

David Knox: We have a higher equity. We're highly leveraged to this so on its own it perhaps - and we don't expect it to be big enough to drive a second train but that - sorry a third train but that combined with the existing Hides and potentially other resources around I've always said it's probable that that will give us a third train. But let's see, it's still in front of us and that's what's so exciting. That's what's exciting about this oil and gas game is you drill these wells and sometimes they come in and this one let's - fingers crossed it will.

Scott Ashton: (BBY, Analyst) So David just on that though could we maybe get a bit of timing on what you see as being the timeline for maybe getting a better idea on how big Hides is? Is it this year, this quarter…

David Knox: The Hides reservoir I think we're starting to learn a lot about it now but as we go through 2015 now the field is on production and on really strong production then that'll start to give us the PO and Z plots we require to really say with a higher degree of confidence how big the Hides tank is and I think it'll get bigger. Then of course the Hides Deep if it was a discovery one small effectively 8.5 inch hole does not determine the size of a field, we'll then have to drill a follow up and that will start to give us the real feeling on Hides Deep.

Scott Ashton: (BBY, Analyst) Okay, thank you very much for that David, Andrew.

David Knox: Thank you Scott, thank you very much. With that I think we'll wrap. Thank you very much for all of your questions. For us as I said we had a good 2014, we delivered production growth, Cooper grew, that's continuing into 2015. The really big thing for us of course is bringing on our GLNG project and that's going to happen in the second half of this year. We'll look forward to meeting everyone in the next week or two but thank you very much for your questions this morning.

Operator: Ladies and gentlemen that does conclude the conference for today, thank you all for participating, you may all disconnect.

End of Transcript