

BOA noite Roberta, como vai?
Bom dia Gerry, muito bem, obrigada, e
você?

This communication between Woodside geoscientist Gerry Spanninga and Roberta Camuffo, Repsol YPF's exploration manager in Rio de Janeiro, is imaginary.

But it could be the sort of greeting heard between Western Australia and Brazil in the future, with the "good evening" and "good morning" demonstrating the 11 hours' time difference.

There are 13,500km separating Woodside's headquarters in Perth and the spectacular view of Rio from Repsol YPF's offices in Brazil.

In business terms, however, the gap has narrowed considerably in recent months with Woodside entering the South American scene for the first time.

In November, Woodside entered a farm-in deal with Repsol YPF for nine blocks in the Santos Basin, off Sao Paulo, where three-dimensional seismic data is now being gathered.

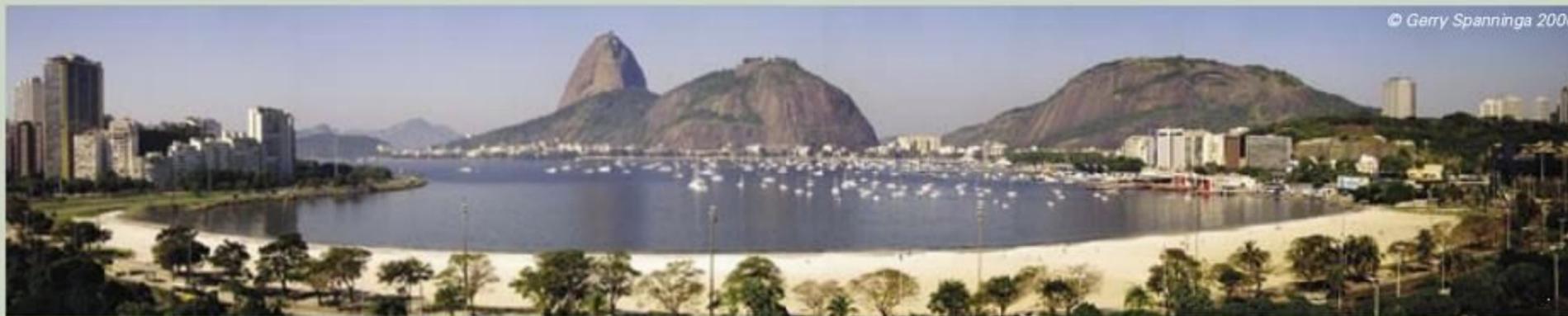
It all began about 18 months ago when the international new ventures team turned its sights on opportunities in Latin America.

"It was quite interesting being given a blank sheet of paper and told to go for it," says Alwyn Vear, Woodside's business development manager for Latin America.

Says Gerry: "We started very regionally, screening all the countries, starting at the top and going all the way down.

"Our brief was to find countries, and companies, that potentially would be in alignment with the way Woodside does business."

They ended with a shortlist – Peru, Colombia, Argentina and Brazil – around the time Woodside's director of exploration Agu Kantsler approved the establishment of a Latin American team in March 2006.



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The road to Rio

Gerry and Alwyn took their first tentative steps into South America a few days later when they visited these countries and attended an upstream-themed industry conference in Rio.

"All the key players in Latin America were there and it was very important for Woodside, as the new kid on the block, to be there and show our face," says Gerry.

It was the first of four road trips by the two Perth-based staffers last year – forays that soon led to their colleagues dubbing them "the boys from Brazil".

"They think it is a good number but, believe me, it's hard work when you remember it takes two full days to get there and two to get back. We try to pack in as many meetings as we can to justify the long haul," says Alwyn.

For Alwyn, the journey to Rio was a bit of a homecoming – he was based there briefly 25 years ago during a previous career with BP.

"It was strange going back," he says.

"Lots had changed – the *favelas*, or slum areas, had expanded enormously – but some things were exactly as I remembered them, including the famous beaches of Ipanema and Copacabana and the apartment block where I lived, which was right near our hotel."

It was in Rio, back in 1982, that Alwyn met the girl who would later become his wife.

"She is from Spain, but was working at the British Consulate in Rio at the time.

"She had actually been asked to 'get close' to some foreign oil company people! It's thanks to her and a couple of previous postings in South America that that I have some knowledge of Spanish."

The language certainly helped when Alwyn and Gerry first met Argentine Jorge Marquez and Spaniard Joseba Murillas at the Rio conference.

"These guys head up Repsol YPF's regional business development team in the Spanish oil giant's subsidiary based in the Argentine capital Buenos Aires," says Alwyn.

"We simply told them: 'We're here and if you have any business opportunities – throw them our way'."

"They pricked up their ears and said well, actually, there are some opportunities ..."

To cut a long story short, after reviewing a number of potential deals in Argentina and Brazil, the result was a significant farm-in which marks Woodside's first entry into South America.

Language lesson: Teacher Lia Harrison-Gonçalves is coaching members of the Latin American team. From left, Gerry Spanninga, Paul Owen, Alwyn Vear (standing), Michelle Young and Kylie Sherwin in Portuguese. Main photo is the view from Repsol's office in Rio de Janeiro, taken by Gerry. Above right: The map of the concession area.

"The reputation we had built over the last few years working with Repsol in places like Liberia, Sierra Leone, the Gulf of Mexico and the Canary Islands definitely worked in our favour," says Alwyn.

Now that the deal has been concluded, the hard work begins.

Gerry is in the process of building Woodside's technical data and knowledge base in-house.

"We were able to enter this opportunity quickly, by working closely with Repsol staff in Rio," he says.

"However, we want to build on that position so that we can start making strategic decisions for growth as soon as possible.

"Together with Repsol, we will be processing and interpreting about 2000sq km of three-dimensional seismic data between now and when our first commitment well is drilled in 2008."

This is the latest role for Gerry in a decade with Woodside which began with him working on the Vincent and Enfield prospects in the Exmouth Basin and in the just-awarded WA-271-P permit.

This was followed by a posting to Houston where he worked on deepwater prospects in the Gulf of Mexico.

In 2002, Gerry joined the newly-formed international search team, looking at northern and western African opportunities from Morocco to South Africa, before his current role.

The men stress that getting started in Latin America was a team effort that involved a host of colleagues. (See panel below).

So what is Woodside's future in South

America? "A lot of the major oil and gas players went into Brazil in the late 90s so we are arguably a bit behind the eight-ball," says Gerry.

"But none has really cleaned up there and, in fact, some have lost a great deal of money along the way," adds Alwyn.

The strategy for Woodside, they say, will be to learn from the mistakes of others and to proceed cautiously in Brazil, choosing partners carefully, while examining other opportunities elsewhere in selected Latin American countries.

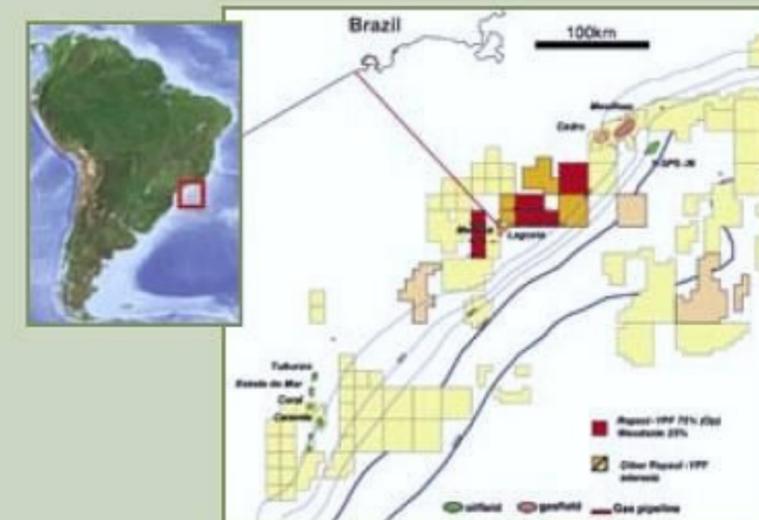
Meanwhile, Woodside has appointed a representative in Rio and continues to engage with the Repsol office which enjoys a panoramic view of the city.

"It's ironic, but the Repsol team in Rio is always envious of our spectacular view of the Swan River which they can see in the background during our increasingly frequent video-conferencing sessions," says Alwyn.

Words are accompanying all this action – twice-weekly lessons in Portuguese are now underway in Perth for members of Woodside's Latin America team.

"It will be money well spent, even if it only make us more proficient in ordering beers and *caipirinhas* (the local fire water)," laughs Gerry.

"I think I already learnt that much back in 1981," says Alwyn.



If venturing into a new country is difficult, then taking on the vastness of South America is as complex as the Amazon.

Faced with many twists and turns as they plotted a course into Latin America, the new ventures team had plenty of logistical support.

"We had assistance from a host of Woodside people at various stages in proceedings," says Alwyn Vear, Woodside's business development manager for Latin America.

As well as management support at the top levels, Alwyn and colleague Gerry Spanninga would like to acknowledge assistance from:

Latin America technical and administration members Paul Owen, Donald Sim and Roxana Kirsten; the exploration commercial team of Aidan Joy, Damien Beng, Gavin Bajwa, Iain Smith and Nicholas Cooper; legal eagles Leanne Fallon and Tony de Ronchi; facilities and development engineering members Lupo Guerrero, Richard Moore and Oliver Seybold; accountant Maria Burgess and in-house Portuguese translators Filomena Alfai and Andre Gerhardt.

"I would especially like to thank legal counsel Jay Laurie, who accompanied us on our final visit to Brazil and was instrumental in concluding the deal with Repsol," says Alwyn.

