

Media Release

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Spring Gully Gas Development to help meet Queensland's growing demand for energy

The official opening of the Spring Gully coal seam gas¹ development by Queensland Premier Peter Beattie today heralds the maturing of the coal seam gas industry which is providing an increasing proportion of eastern Australia's energy needs.

Origin has spent \$450 million developing Queensland coal seam gas infrastructure over the past 10 years. At Spring Gully the company has spent \$200 million, representing one of the largest investments in an onshore petroleum development since the Cooper Basin South West Queensland development more than a decade ago.

The new Spring Gully plant will help meet the steady increase in energy consumption accompanying the ongoing growth of the Queensland economy, with the gas being used to supply Queensland customers, as well as customers in southern states.

"Coal seam gas is a competitive and proven source of gas for Queensland and eastern Australian gas markets. Origin's Spring Gully facilities will help continue the growth of this Queensland resource. Within the last five years coal seam gas reserves have increased 10-fold and coal seam gas now supplies 30% of the Queensland market," said Grant King, Managing Director of Origin Energy.

The Spring Gully plant, built with the co-operation of local communities, local governments and the Queensland State Government, has been developed to harness coal seam gas reserves with a current capacity of 36 terajoules per day(TJ/day)².

Completed on budget and after a relatively short 20 month construction period, the Spring Gully development includes 48 coal seam gas wells, water management facilities, a 90 km gas transmission pipeline and a gas processing plant.

"Over the next 18 months to two years, we plan to spend an additional \$100 million to increase the capacity of the Spring Gully facilities to 75 TJ/day with further investments planned over the next decade to increase capacity to 150 TJ/day, four times its current capacity," Mr King said.

¹Coal seam gas (CSG) is natural gas stored in coal seams. Once produced it can be used for all the same purposes and in all the same applications as the natural gas currently distributed by pipelines around the state. Queensland is endowed with vast coal resources, not all of which are accessible to miners. However gas contained within these coal resources can be accessed by drilling into the coal seam, extracting water to reduce the pressure and capturing the gas which is then liberated.

² A joule is a measure of energy. A terajoule (TJ) is equivalent to 10¹² joules, and a petajoule (PJ) is 10¹⁵ joules.

“With vast coal deposits in the Bowen Basin, the Fairview and Spring Gully fields have proved and probable reserves of over 1,800 PJ, and Origin anticipates that these fields will ultimately yield reserves of over 4,000 PJ. This is enough to supply the Queensland gas market at current market demand for 40 years and is more gas than produced and sold from all other Queensland gas resources to date.”

As Premier Beattie noted in his October mini budget speech, electricity consumption alone in Queensland over the last decade has grown by 53% and will continue to grow. With the Queensland Government’s commitment to increasing electricity generation from natural gas, coal seam gas is ideally placed to help meet that need.

Mr King said Origin had also announced plans for a 1,000 MW power station on this site which would provide energy for Queensland, with half of the greenhouse gas emissions of a coal-fired station of comparable size.

“Should this proposed power station proceed it will mean a further increase in the development of this significant Queensland gas resource. As such these fields will help supply Queensland requirements for both gas and electricity over the next four decades,” Mr King said.

“Queensland is endowed with vast coal resources, not all of which is accessible to miners. Through coal seam gas we are able to unlock the value in this resource for the benefit of the Queensland economy.”

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