

## ASX Release

18 July 2005

### **BassGas Project Status Update: Commissioning Delays and Reserves Upgrade**

#### *Commissioning Delays*

In late April, Origin Energy Limited as Operator on behalf of the BassGas project participants advised on progress towards meeting the Ready For Start-Up (RFSU) milestone for the project. It was noted that a number of defects, and potential defects, had been identified with respect to key systems in the project facilities, and that rectification work, mostly at the onshore plant, was likely to be the key determinant of when the project would meet the RFSU milestone. At that time it was estimated that this point would be reached in July 2005, following which commissioning of the plant would commence.

As a result of further acceptance testing programs, review of facilities and scrutiny of facilities documentation by the BassGas Joint Venture, it is apparent that significant additional rectification work and facilities documentation is required at both the onshore plant and offshore platform.

As the offshore platform is designed to be not-normally-manned the management of logistics and daily movement of personnel to the platform is constraining the speed and effectiveness with which work including additional rectification work can be completed.

The Operator has confirmed its intention to contract a semi-submersible accommodation vessel capable of being positioned adjacent to the Yolla A platform in order to allow for the expedient completion of works required on the platform. This vessel, the Safe Concordia, is designed for North Sea conditions and has recently been used to accommodate workers during activities on the Bayu-Undan field in the Timor Sea. The vessel is expected to be on site in August, with the necessary critical path items for the recommencement of production expected to be completed during September. It is also envisaged that having the accommodation vessel alongside the Yolla A platform will facilitate an improvement in availability during the initial production ramp up phase.

In accordance with their contractual entitlements the BassGas Joint Venture participants accessed the remaining balance of \$12.3 million of the second bank guarantee from Clough Limited in mid June 2005. As has been previously advised, the BassGas Joint Venturers are in an arbitration process with Clough Limited in relation to the BassGas Project.

Work is also continuing at the onshore facilities. The Operator anticipates that gas will be introduced into the onshore plant to commence commissioning activities during September. A substantial portion of the commissioning of

equipment will be completed using sales gas from the Victorian grid prior to the introduction of liquids rich gas from the offshore platform. It is also anticipated that additional equipment installed to deal with impurities in the gas stream will be commissioned during this time, removing the requirement for a shutdown during the first few months of production. The installation of this equipment has not contributed to delays in the overall completion of the facilities.

Subject to the availability of resources, the Operator believes that by securing the Safe Concordia and completing a detailed rectification program the Lang Lang plant commissioning will commence in September, with commissioning of the integrated BassGas project commencing in October 2005. Thereafter, full production is likely to be achieved prior to the end of the calendar year.

### ***Reserves Upgrade***

Following the completion of the development drilling program the Operator has completed a detailed review of the reserves associated with the field. The drilling of Yolla 3 & 4 confirmed several accumulations not encountered or booked by the initial exploration and appraisal drilling. Technical information gathered across all reservoirs and subsequent production modelling also led to revision of the average liquids content of the field. This has resulted in a substantial upgrade to the Proved and Probable (2P) reserves carried for the field as tabled below:

<b>Product</b>	<b>June 2005</b>	<b>June 2004</b>	<b>Increase</b>	<b>% change</b>
Sales Gas (PJ)	324	256	+ 68	+26%
Oil (MMBBL)	0.8	0.0	+0.8	n/a
Condensate (MMBBL)	14.0	13.7	+0.3	+2%
LPG (Ktonnes)	972	1012	-40	-4%
Total (PJE)	454	382	72	+19%
Total (MMBOE)	79	66	+13	+19%

Origin, as Operator of the BassGas project, has taken a prudent position in booking these additional reserves. It is possible that the 2P reserves will increase as further technical work is completed.

In the adjacent exploration permit, T/18P, liquids rich gas was discovered in the Trefoil field, 25 km to the west of the Yolla field. Further delineation work and engineering design is required on the field before an estimate of recoverable reserves can be made. To assist in this process the T/18P Joint Venture has agreed to shoot a 3D seismic survey over the field commencing in the fourth quarter of calendar year 2005.

**BassGas Project participants are:**

Origin Energy Resources Limited*	32.5% (Operator)
Origin Energy Northwest Limited*	5.0%
AWE Petroleum Pty Ltd**	30.0%
CalEnergy Gas (Australia) Limited	20.0%
Wandoo Petroleum Pty Ltd	12.5%

**T/18P participants are:**

Origin Energy Resources Limited* (Operator)	41.4%
AWE Petroleum Pty Ltd**	22.6%
CalEnergy Gas (Australia) Limited	23.5%
Wandoo Petroleum Pty Ltd	12.5%

\*a wholly owned subsidiary of Origin Energy Limited

\*\*a wholly owned subsidiary of Australian Worldwide Exploration Limited

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*About Origin Energy: With a history dating back 140 years, Origin Energy is a major Australian integrated energy company focused on gas and oil exploration and production, energy retailing, power generation and utility network management.*