

## Report for the Quarter ended 30 September 2005

### To the Australian Stock Exchange

Origin Energy Limited (Origin) hereby submits this Quarterly report to the Australian Stock Exchange which covers the activities of wholly owned subsidiaries Origin Energy Resources Limited and Origin Energy CSG Limited.

Significant events and influences during the Quarter included:

- Defect rectification works continued on the BassGas project with the aim to commence commissioning of the onshore plant and production from the Yolla field in the fourth Quarter of 2005. The Accommodation Support Vessel, Safe Concordia, which was to expedite offshore operations, arrived in mid-September but suffered problems with its Dynamic Positioning thrusters, requiring repair.
- The Otway Gas project is now over 50% complete overall with construction of the onshore gas plant and offshore platform fabrication progressing. At the gas plant, major process columns and storage vessels were delivered to site. The completed offshore platform jacket commenced its journey to Australia with topsides on target for an October sailaway. The jackup drilling rig Maersk Guardian is being transported to Australia and piping was completed on the shore crossing.
- On 19 August 2005, Origin announced that it had entered into an agreement to acquire the following interests from CalEnergy Gas (Australia) Limited, subject to Government approval and, where applicable, the pre-emptive rights of coventurers : an additional 5% interest in the BassGas project (T/L1 and T/RL1); an additional 5% interest in the T/18P exploration permit; an additional 1% interest in the Otway Gas project (T/L2 and VIC/L23); and an additional 1% interest in the T/30P, T/34P and VIC/P43 exploration permits.
- Regulatory approvals for the Kupe project in New Zealand were received from the South Taranaki District Council and the Taranaki Regional Council. Three of the latter consents were subject to appeal by a commercial fishing group, but these issues have now been resolved. Tenders were received for platform fabrication, offshore installation and drilling for the Kupe project (New Zealand) while design and tendering for the onshore gas production facilities continues. The latest estimated project costs are approximately NZD800 million, which is considerably higher than originally anticipated (for more detail see Post Report Date Events (page 3)).
- The Jingemias field in the Perth Basin was shut-in late in the last Quarter due to down-hole scale which prevented the installation of artificial lift. The scale was successfully removed and the Jingemias field re-started production from Jingemias 10 on the 25 September 2005. Daily production from the Perth Basin for the Quarter averaged approximately 2,610 barrels of oil per day net to Origin. The tie-in of future wells resulting from the current Jingemias drilling program, which commenced in July, should significantly increase oil production.
- The Perth Basin Tarantula 1ST1 well testing program started late in the Quarter at a rate of 17 TJ/d. This testing program which lasts 1.5 months will determine the reserves in Tarantula.

- Activity in the Perth Basin has also included: the drilling of a further appraisal well, Jingemia 6 (which was unsuccessful); two water injectors on the Jingemia field, Jingemia 5 and 9 (the latter a sidetrack from Jingemia 7); and two exploration wells, Evandra 1 and Senecio 1, in addition to the sidetracking of Tarantula 1ST1. Evandra 1 encountered potential oil pay in two zones while Senecio 1 intersected a 75m hydrocarbon column (most likely gas with possibly oil in the lower part of the interval).
- The Spring Gully coal seam gas (CSG) project which commenced gas production in June 2005 contributed to a 22% increase in CSG production during the Quarter as that project continues to ramp up gas sales to AGL.
- In Queensland CSG permits, eight development wells were drilled on the Fairview field (4) and the Spring Gully field (4).
- On 7 September 2005, Origin announced that, subject to Government approval and, where applicable, the pre-emptive rights of coventurers, it had entered into an agreement with Anglo Coal (Moura) Limited and Mitsui Moura Investment Pty Ltd to sell its interests in the Moura CSG field and associated exploration permits for a total cash consideration of \$22 million.
- Within the Cooper Basin, twelve gas development wells were drilled; all were cased and suspended as future gas producers. Six exploration wells were also drilled resulting in one oil and two gas discoveries; one well was still in progress at the end of the period.
- Other exploration/appraisal activity included: the drilling Yamala 2 (gas flow rates to 0.72 million cubic feet per day (MMscfd)) and Greenmount 1 (in progress) in the Denison Trough; the drilling of Peterborough 1 and Childers Cove 1 in the onshore Otway Basin (both wells unsuccessful); and the deepening of Namarah 7 in the Surat Basin (gas flow rates to 0.6 MMscfd).

## Post Report Date Events

- On 12 October 2005, Origin advised that the Safe Concordia was scheduled to return to the Yolla platform, following repair, in mid-December allowing completion of outstanding rectification works with the target date for first gas to be exported from the platform being 31 December 2005.
- Post-perforation cased-hole testing of the Dongara Sandstone at Senecio 1 during the first week of October resulted in an initial gas flow rate estimated at up to 2.5 MMscfd which declined to 1.2 MMscfd during the 10 hours of the flow period. However, the result is considered inconclusive and possible explanations for the lower-than-expected flow rate are under investigation.
- At Jingemia 5, fishing operations were successfully concluded after the cable parted during recovery of a Dongara Sandstone water sample.
- Testing at Tarantula 1ST1 continued into October. The well was flowing at approximately 14 TJ/d prior to a planned step-down to approximately 11 TJ/d on 9 October and shut-down a week later.
- Bartsia 1, an oil exploration well targeting the Dongara Sandstone in L2, Western Australia, spudded on 2 October, was unsuccessful.
- On 27 October Origin provided an update on the Kupe project. The release

indicated that all onshore regulatory approvals for the proposed Kupe development have been granted by the Taranaki Regional Council and the South Taranaki District Council and that the final impediments to achieving the offshore consents have been resolved. The Kupe Joint Venture will request granting of the offshore consents from the Minister for Conservation, concluding one fundamental pre-requisite for the approval of the project. It was noted that the project is expected to be ready for the Joint Venture to make the Final Investment Decision during the first quarter of 2006. If approved it is expected that commercial production will commence during 2008. The release also stated that the latest estimated project costs are approximately NZD800 million which is considerably higher than originally anticipated. These increases are due to higher commodity prices, particularly for steel and the unprecedented level of activity in the oil and gas market around the world. The economic impact of these costs increases is expected to be partially offset by the increased revenues resulting from higher prices for condensate and LPG produced from the field and the impact of increased reserves as previously announced.

- On 28 October Origin and CalEnergy Gas (Australia) Ltd completed the agreement entered into under which Origin will acquire an additional 1% interest in the Otway Gas project (T/L2 and VIC/L23) and an additional 1% interest in the T/30P, T/34P and VIC/P43 exploration permits. Agreements to acquire additional interests in a number of tenements in the Bass Basin remain to be completed.

## Report for the Quarter ended 30 September 2005

### 1. Production Sales and Expenditure

The share of production and energy sales during the Quarter is summarized as follows:

#### 1.1 Production by Area (and Total Sales and Revenue)

Note: current Quarter production figures for some areas (non-operated) include estimates for September production. Where necessary previous Quarter figures have been amended to reflect actual production volumes which became available only after the report date for that Quarter.

| Natural Gas and Ethane  | Unit       | This Quarter | Previous Quarter | % Change | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06 | YTD 2004/05 |
|-------------------------|------------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| <b>Natural Gas</b>      | <b>PJ</b>  |              |                  |          |                                 |             |             |
| SA Cooper & SWQ         |            | 7.3          | 7.2              | 2        | 8.4                             | 7.3         | 8.4         |
| Otway Basin             |            | 1.0          | 1.3              | (23)     | 3.1                             | 1.0         | 3.1         |
| Perth Basin             |            | 0.7          | 0.6              | 17       | 0.5                             | 0.7         | 0.5         |
| Coal Seam Gas           |            | 4.4          | 3.6              | 22       | 2.5                             | 4.4         | 2.5         |
| Surat / Denison         |            | 2.4          | 2.9              | (17)     | 3.1                             | 2.4         | 3.1         |
| Carnarvon Basin         |            | -            | -                | -        | 0.1                             | -           | 0.1         |
| <b>Ethane</b>           | <b>PJ</b>  |              |                  |          |                                 |             |             |
| SA Cooper & SWQ         |            | 0.4          | 0.3              | 16       | 0.3                             | 0.4         | 0.3         |
| <b>Total Production</b> |            | <b>16.2</b>  | <b>15.9</b>      | <b>2</b> | <b>18.0</b>                     | <b>16.2</b> | <b>18.0</b> |
| <b>Total Sales</b>      |            | <b>17.9</b>  | <b>16.9</b>      | <b>6</b> | <b>18.7</b>                     | <b>17.9</b> | <b>18.7</b> |
| <b>Total Revenue</b>    | <b>\$M</b> | <b>61.0</b>  | <b>56.0</b>      | <b>9</b> | <b>58.5</b>                     | <b>61.0</b> | <b>58.5</b> |

| Crude Oil               | Unit  | This Quarter | Previous Quarter | % Change    | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06  | YTD 2004/05  |
|-------------------------|-------|--------------|------------------|-------------|---------------------------------|--------------|--------------|
| Crude Oil               | kbbls |              |                  |             |                                 |              |              |
| SA Cooper & SWQ         |       | 96.6         | 73.8             | 31          | 102.8                           | 96.6         | 102.8        |
| Surat / Denison         |       | 6.6          | 5.4              | 22          | 9.1                             | 6.6          | 9.1          |
| Perth Basin             |       | 240.1        | 425.0            | (44)        | 357.3                           | 240.1        | 357.3        |
| <b>Total Production</b> |       | <b>343.3</b> | <b>504.2</b>     | <b>(32)</b> | <b>469.2</b>                    | <b>343.3</b> | <b>469.2</b> |
| <b>Total Sales</b>      |       | <b>425.0</b> | <b>544.3</b>     | <b>(22)</b> | <b>477.2</b>                    | <b>425.0</b> | <b>477.2</b> |
| <b>Total Revenue</b>    | \$M   | <b>24.0</b>  | <b>30.9</b>      | <b>(22)</b> | <b>20.5</b>                     | <b>24.0</b>  | <b>20.5</b>  |

| Condensate/Naphtha      | Unit  | This Quarter | Previous Quarter | % Change    | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06  | YTD 2004/05  |
|-------------------------|-------|--------------|------------------|-------------|---------------------------------|--------------|--------------|
| Condensate/naphtha      | kbbls |              |                  |             |                                 |              |              |
| SA Cooper & SWQ         |       | 101.0        | 109.2            | (8)         | 120.0                           | 101.0        | 120.0        |
| Otway Basin             |       | 4.5          | 5.4              | (17)        | 14.5                            | 4.5          | 14.5         |
| Perth Basin             |       | 1.2          | 0.9              | 33          | 0.8                             | 1.2          | 0.8          |
| Surat / Denison         |       | 14.9         | 17.9             | (17)        | 20.3                            | 14.9         | 20.3         |
| <b>Total Production</b> |       | <b>121.6</b> | <b>133.4</b>     | <b>(9)</b>  | <b>155.6</b>                    | <b>121.6</b> | <b>155.6</b> |
| <b>Total Sales</b>      |       | <b>138.2</b> | <b>177.7</b>     | <b>(22)</b> | <b>166.6</b>                    | <b>138.2</b> | <b>166.6</b> |
| <b>Total Revenue</b>    | \$M   | <b>8.0</b>   | <b>10.2</b>      | <b>(22)</b> | <b>8.7</b>                      | <b>8.0</b>   | <b>8.7</b>   |

| LPG                     | Unit    | This Quarter | Previous Quarter | % Change   | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06 | YTD 2004/05 |
|-------------------------|---------|--------------|------------------|------------|---------------------------------|-------------|-------------|
| LPG                     | Ktonnes |              |                  |            |                                 |             |             |
| SA Cooper & SWQ         |         | 12.5         | 11.8             | 6          | 11.3                            | 12.5        | 11.3        |
| Surat / Denison         |         | 2.1          | 2.2              | (5)        | 2.8                             | 2.1         | 2.8         |
| <b>Total Production</b> |         | <b>14.6</b>  | <b>14.0</b>      | <b>4</b>   | <b>14.1</b>                     | <b>14.6</b> | <b>14.1</b> |
| <b>Total Sales</b>      |         | <b>21.3</b>  | <b>8.2</b>       | <b>160</b> | <b>8.8</b>                      | <b>21.3</b> | <b>8.8</b>  |
| <b>Total Revenue</b>    | \$M     | <b>12.3</b>  | <b>4.8</b>       | <b>156</b> | <b>4.9</b>                      | <b>12.3</b> | <b>4.9</b>  |

|                           | Unit | This Quarter | Previous Quarter | % Change | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06  | YTD 2004/05 |
|---------------------------|------|--------------|------------------|----------|---------------------------------|--------------|-------------|
| Production (all products) | PJe  | 19.6         | 20.3             | (3)      | 22.3                            | 19.6         | 22.3        |
| Sales (all products)      | PJe  | 22.1         | 21.4             | 3        | 22.9                            | 22.1         | 22.9        |
| <b>Total Revenue</b>      | \$M  | <b>105.3</b> | <b>101.9</b>     | <b>3</b> | <b>92.7</b>                     | <b>105.3</b> | <b>92.7</b> |

|              | Unit | This Quarter | Previous Quarter | % Change | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06 | YTD 2004/05 |
|--------------|------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| Total Sales  | PJe  |              |                  |          |                                 |             |             |
| Internal     |      | 6.5          | 4.8              | 36       | 5.8                             | 6.5         | 5.8         |
| External     |      | 15.6         | 16.6             | (6)      | 17.0                            | 15.6        | 17.0        |
| <b>Total</b> |      | <b>22.1</b>  | <b>21.4</b>      | <b>3</b> | <b>22.9</b>                     | <b>22.1</b> | <b>22.9</b> |

|                            | Unit       | This Quarter | Previous Quarter | % Change   | <sup>1st</sup> Quarter 2004/05 | YTD 2005/06 | YTD 2004/05 |
|----------------------------|------------|--------------|------------------|------------|--------------------------------|-------------|-------------|
| <b>Production by Basin</b> | <b>PJe</b> |              |                  |            |                                |             |             |
| SA Cooper & SWQ            |            | 9.5          | 9.1              | 4          | 10.5                           | 9.5         | 10.5        |
| Otway Basin                |            | 1.0          | 1.3              | (20)       | 3.2                            | 1.0         | 3.2         |
| Perth Basin                |            | 2.1          | 3.1              | (32)       | 2.6                            | 2.1         | 2.6         |
| Coal Seam Gas              |            | 4.4          | 3.6              | 23         | 2.5                            | 4.4         | 2.5         |
| Surat/Denison              |            | 2.6          | 3.2              | (19)       | 3.4                            | 2.6         | 3.4         |
| Carnarvon Basin            |            | -            | -                | -          | 0.1                            | -           | 0.1         |
| <b>Total</b>               |            | <b>19.6</b>  | <b>20.3</b>      | <b>(3)</b> | <b>22.3</b>                    | <b>19.6</b> | <b>22.3</b> |

**Conversion Factors:**

|                   |                        |
|-------------------|------------------------|
| <b>Crude oil</b>  | 5.83 PJ/million bbls   |
| <b>Condensate</b> | 5.41 PJ/million bbls   |
| <b>LPG</b>        | 49.3 PJ/million tonnes |
| <b>Ethane</b>     | 51.7 PJ/million tonnes |

## 1.2 Production/Sales Summary

Compared with the previous Quarter sales volumes and revenue grew by 3% to 22.1 PJe and \$105 million respectively. However total production of 19.6 PJe for the Quarter represented a decrease of 3% compared with the previous Quarter. The difference between sales and production figures reflects the timing of liquids shipments out of the Cooper Basin and the purchase and sale of third party gas.

Compared with the previous Quarter increases in natural gas production in the Cooper Basin and particularly in coal seam gas (CSG) as the Spring Gully project continued to ramp up after commencing production in June 2005 were offset by falls in production in the Otway and Surat Basins. The connection of the high producing Tarantula 1ST1 well late in the Quarter is expected to significantly increase gas production from the Perth Basin in the next Quarter.

Crude oil production fell by 32% to 343 kbbls largely as a result of lower production in the Perth Basin where the Jingemina field was shut-in for much of the Quarter due to scale problems. The connection of the Jingemina 10 well, recommencement of production from the Jingemina 1 and 4 wells and the impact of water injection is expected to significantly increase oil production rates and sales in the next Quarter. The timing of liftings of crude oil and condensate mitigated the impact on oil sales and revenue, which decreased by 22% for the Quarter.

Total sales revenue of \$105 million for the Quarter was 14% higher than the first Quarter of the previous financial year as a result of higher prices for all commodities, and particularly oil. Production was 12% lower than last year as a consequence of the temporary reduction in production from the Jingemina oil field, lower production from the Cooper Basin (lower contractual volumes) and the Otway Basin (field decline), and the sale of the Tubridgi field in the Carnarvon Basin; these decreases were partially offset by an increase in coal seam gas production on the start-up of the Spring Gully field.

## **2. MARKETING AND DEVELOPMENT ACTIVITIES**

### **2.1 South Australia**

#### **2.1.1 Cooper/Eromanga Basin**

##### **SA Unit Area (Interest 13.19%)**

Drilling operations were completed on the gas development well, Leleptian 3. The well was cased and suspended as a future Permian gas producer.

The Big Lake 8 well was deepened down from the Murteree Shale to the Tirrawarra Sandstone during the Quarter. The well was cased and suspended as a future Patchawarra and Tirrawarra gas producer.

Three oil/gas Fly Lake development wells (Fly Lake 15, 16 and 17), were drilled during the Quarter. All were cased and suspended as future Permian oil/gas producers.

##### **Patchawarra East Block (Interest 10.536%)**

The Coonatie 6 gas development well was drilled, cased and suspended as a future Permian gas producer. Planning for a Coonatie 7 gas development well was in progress at the end of the Quarter.

#### **2.1.2 Otway Basin**

**PPL 62 (Interest 75.7143%, Katnook area gas fields (Operator)),  
PPL 168, PPL 202 (Interest 75.7143%, Redman gas field (Operator))**

No significant activity during the quarter.

### **2.2 Queensland**

#### **2.2.1 Cooper/Eromanga Basin**

##### **ATP 259P - SWQ Unit (Interest 16.7375%)**

Six gas development wells were drilled during the Quarter. All of these wells (Psyche 3 and 4, Thoar 3, Baryulah 7ST1 and 8 and Winninia North 4) were cased and suspended as future Permian gas producers.

##### **ATP 259P (Block Interests 10-27%)**

No significant activity during the Quarter.

#### **2.2.2 Surat Basin**

**PLs 30, 56 & 74 (Interest 69% (Operator) in PLs 56 and 74; and 75% (Operator) in PL 30)**

No significant activity during the Quarter.

##### **PLs 53 and 174 (Interest 100% (Operator))**

Interpretation of the Myall Creek 3D Seismic Survey covering the majority of PL

174 and the eastern ATP 375P continued during the Quarter. This project is aimed at assessing the potential of the Rewan and Tinowon plays in this area.

The underbalanced drilling of Myall Creek 5, a Rewan Formation appraisal well, has been delayed due to the unavailability of a coil tubing unit and is now scheduled for November 2005.

**PLs 70 & 71 (Interest 90% (Operator) in PL 71; and 100% (Operator) in PL 70)**

Two appraisal wells, Namarah 7 and Parknook 7, were drilled to intermediate casing depth in PL 71 during the last Quarter. These wells, funded by AusAm Resources Limited as part of an agreement to farm in to PL71, are planned to address the potential of the Showgrounds and Rewan formations using underbalanced nitrogen drilling. Drilling re-commenced during August at Namarah 7 with the BJ Services Coil Tubing Unit (CTU). An open hole flow test conducted on the Showgrounds Sandstone flowed gas to surface at 0.25 MMscfd. The well was drilled to 2206m at which time the well was flowing at 0.6 MMscfd. Subsequently failure of the power pack caused a loss of hydraulics and spooling of the coil. Activities at Namarah 7 have been suspended until fourth Quarter of 2005 whilst repairs to the CTU unit are undertaken.

**PLs 10W, 11W, 12W, 28, 69 & 89 (Interest 46.25%); Snake Creek East Exclusion Zone (Interest 25.0%)**

No significant activity during the Quarter.

**PLs 21, 22, 27 & 64 (Interest 87.5% (Operator))**

No significant activity during the Quarter.

**PL 14 (Interest 100% (Operator))**

No significant activity during the Quarter.

**2.2.3 Bowen Basin ( \* denotes CSG permit(s))**

**PLs 41, 42, 43, 44, 45, 54, 67, 173, 183 & 218 (Interest 50% (Production Operator))**

The tie-in of Punchbowl Gully 1 in PL 183 was completed during the Quarter. The well is now flowing to the Denison Trough production facilities at Yellowbank CTP.

Construction activities on the connection of Sardine Creek 1 into the Denison Trough production facilities commenced during the Quarter. This well will be connected via a 4 inch line to the Springvale dehydration facility.

**PL 94 \* (Interest 100% (Operator))**

**PL 94 Sublease \* (north of latitude 24°37'20"S) (Interest 50% Operator)**

On 7 September 2005, Origin entered into an agreement to sell its interests in these permits to Anglo Coal (Moura) Limited and Mitsui Moura Investment Pty Ltd, subject to Government approval and, where applicable, the exercise of the pre-emptive rights of coventurers.

**PL 101 \* (Interest 100% (Operator))**

A four well appraisal and development programme is planned in the Peat field in the fourth Quarter of 2005 for reserves and deliverability additions.

**PLs 90, 91, 92, 99, 100 (Fairview) \* (Interest 23.93%)**

Four development wells, Fairview 94, 95, 97 and 100, were drilled to develop reserves in the Bandanna coals on the eastern flank of the field.

**PLs 195, 200, 203 and 204\* Spring Gully (Interest 94.505% in PL 195 and PL 203 (Operator); 95.7097% in PL 200 (Operator); 99.725 % in PL 204 (Operator))**

Four development wells, Durham Ranch 34, 38, 54 and 77, were drilled during the Quarter.

At the end of the Quarter there were 45 wells connected to the Spring Gully gas plant with peak sales gas capacity in excess of 30 TJ/d. The 45 wells on line include the Talooka five spot pilot wells, two other existing appraisal wells and 38 of the 45 production wells in the Phase 1 development of the field. Of the remaining seven development wells, five were fracture stimulated in mid September and are currently being completed and connected. By mid November all initial development wells should be connected.

Planning of the Phase 2 development program, required to service the current contracts, is well underway. This work includes further development and exploration wells, flowlines and additional compression.

Planning commenced for a seismic acquisition program to be recorded in the fourth Quarter of 2005.

## **2.3 Western Australia**

### **2.3.1 Perth Basin**

**L11 (Interest 67.0%, Beharra Springs gas field (Operator))**

The re-drill of the Tarantula 1 (Tarantula 1ST1) discovery was completed on 29 July 2005 (Refer to EP 320/L11 in 3.5.1 below for further details on the well). Late in the Quarter, Origin received government approval to operate the Tarantula pipeline and production started via the Beharra Springs plant on the 18 September 2005. The flow rate from Tarantula 1ST1 was 17 TJ/d and is likely to improve after completion of the test program. The testing period will go into the next Quarter.

**L1/L2 (Excluding Dongara, Mondarra and Yardarino gas fields) (Interest 50%, Hovea and Eremia oil fields, Xyris gas field)**

At the end of the Quarter gross production through the Hovea Production Facility was approximately 4,600 barrels of oil per day from Hovea 4, 7, 8, 11 and Eremia 1 and 2.

Approval was granted to tie-in Xyris South 1 at the end of the last Quarter and the well has been online since the last week of July.

The Xyris gas field produced at rates of up to 7.0 TJ/d during the Quarter, supplying gas to customers in the Perth area.

**L14 (Interest 49.189%, Jingemia oil field (Operator))**

The Jingemia field was shut-in mid June due to produced water mixing with injected water which resulted in the down-hole deposition of barium sulphate scale. This prevented the down-hole installation of the jet pump artificial lift system. The field was shut-in for 3 months waiting on a barium sulphate chemical dissolver. The chemical treatments were successfully performed in September.

Jingemia 10 was drilled and completed on the 12 September 2005. Government approval was granted to operate the temporary Jingemia 10 flowline and the re-start of production occurred at the end of the Quarter. Gross production since start-up averaged approximately 3813 barrels of oil per day. Jingemia 1 and 4 were available for production at the end of the Quarter, but production was suspended until the higher production rate of Jingemia 10 reduced. Drilling continued throughout the Quarter.

### **2.3.2 Carnarvon Basin**

#### **L9 (Interest 56.65%, Tubridgi gas field (Operator))**

On the 4 July 2005 the sale of the Tubridgi assets (L9, Western Australia) to BHP Billiton was settled.

## **2.4 Victoria**

### **2.4.1 Otway Basin**

#### **PPL 8 (Interest 100%, Dunbar gas field (Operator))**

No significant activity during the Quarter.

#### **PPL 2 (Interest 100%, Iona gas field excluding Iona gas reservoir (Operator))**

No significant activity during the Quarter.

#### **PPL 4, 5, 7, 12 (Interest 100% (Operator))**

No significant activity during the Quarter.

#### **PPL 6, 9, 10, 11 and PRL 1 (Interest 90% (Operator))**

No significant activity during the Quarter.

#### **VIC/L23 (Interest 30.75%, Geographe)**

Origin has entered into an agreement to acquire an additional 1% interest in VIC/L23 (Refer T/L2 in 2.5.1 below).

Development activity continued for the Geographe (Vic/L23) and Thylacine (T/L2) fields. (Refer T/L2 in 2.5.1 below.)

## **2.5 Tasmania**

### **2.5.1 Otway Basin**

#### **T/L2 (Interest 30.75%, Thylacine)**

On 19 August 2005, Origin announced that it had entered into an agreement to acquire an additional 1% interest in the Otway Gas project (VIC/L23 and T/L2) and associated exploration acreage (T/30P, T/34P and VIC/P43) from CalEnergy Gas (Australia) Limited, subject to Government approval and the exercise of the pre-emptive rights of coventurers.

Development activity continued for the Thylacine (T/L2) and Geographe (Vic/L23) fields.

At the end of the Quarter, the project was over 50% complete overall.

Construction was 27% complete on the onshore gas plant with construction progressing in all areas. Major equipment began to be received and installed onsite including LPG storage bullets and process columns. Over 50% of the main equipment items are now onsite and pipe work and electrical cable installation has commenced.

The offshore platform jacket fabrication in Malaysia was completed. The jacket departed for Australia aboard a barge on 26 September 2005. The platform topsides were over 70% complete at the end of the Quarter and on target for sailaway at the end of October.

All 500mm and 100mm linepipe for the offshore pipeline has been delivered to Portland. The pipelay vessel *Lorelay* is en-route to Australia from Spain, with an estimated time of arrival (ETA) at the end of October to start work in November.

The jackup rig, *Maersk Guardian*, is also en-route to Australia from Cyprus, with an ETA of mid November to commence platform installation later that month.

500mm and 100mm pipe installation into the horizontal directional drilling (HDD) shore crossing tunnels was completed during the Quarter.

A development drilling program is planned to commence in the first Quarter of 2006.

First gas exports from the Otway project are expected in mid 2006.

## **2.5.2 Bass Basin**

### **T/L1 (Interest 42.5% (Operator))**

On 19 August 2005, Origin announced that it had entered into an agreement to acquire an additional 5% interest in the BassGas Project (T/L1 and T/RL1) and the Bass Basin permit, T/18P, from CalEnergy Gas (Australia) Limited.

Work is still underway to complete all known defect rectification activities in preparation for a recommencement of Yolla production and the commissioning of the Lang Lang plant, both of which are likely to occur during the fourth Quarter of 2005.

The Accommodation Support Vessel, *Safe Concordia*, arrived at the Yolla location on the 12 September 2005. While the vessel was some 20 nautical miles from the platform a fire occurred in one of the Dynamic Positioning thrusters. During subsequent investigation of the root cause another thruster suffered a fire and subsequent damage. The vessel is currently in Port Philip Bay at anchor. The solution to the electrical problems and a rectification plan is urgently being

pursued by all interested parties. The impact on the schedule for the recommissioning of Yolla and the commissioning of Lang Lang is currently being evaluated (see Post Report Date Events at front of report).

## **2.6 Northern Territory/Western Australia**

### **2.6.1 Bonaparte Basin**

#### **WA-6-R, NT/RL1 (Interest 5%)**

The Operator (Santos Limited) has continued its marketing efforts to commercialise the Petrel field. Discussions have continued with potential customers and the Designated Authority during the Quarter.

Santos also continued to negotiate the renewal of the Petrel Retention Leases with the Designated Authority during the Quarter.

## **2.7 New Zealand**

### **2.7.1 Offshore Taranaki Basin**

#### **PML 38146 (Interest 50% (Operator))**

Development of the Kupe Gas Project continued with tenders being received for platform fabrication, the offshore platform and pipelines installation and drilling packages. The engineering design of the onshore production station is continuing. Selection and negotiation of major work package contracts is ongoing.

South Taranaki District Council's Environment and Hearing Committee granted the Kupe Gas Project resource consents on 3 May 2005. No appeals have been lodged with regard to these consents.

Taranaki Regional Council's Hearings Committee granted all resource consents for the project on 21 June 2005 and recommended the approval of applications for restricted coastal activities (which are the responsibility of the Minister of Conservation). One appeal and two enquiries have been lodged in the Environment Court by a commercial fishing group with regard to the resource consent applications applying within the Coastal Marine Area. A response by the project to the appeal was in preparation at the end of the Quarter and has since been favourably resolved (see Post Report Date Events on page 3).

## **3. EXPLORATION ACTIVITIES**

### **3.1 South Australia**

#### **3.1.1 Cooper/Eromanga Basin**

##### **SA Unit Area (Interest 13.19%)**

Two near field oil exploration wells were drilled during the Quarter. Buigito 1, located 3km south of the Ulandi oil field was cased and suspended after flowing oil to surface at 297 barrels of oil per day during a drill stem test over the Murta Member (1197.8m to 1225.3m). Kerinna South 1 was plugged and abandoned.

### **Patchawarra East Block (Interest 10.536%)**

No significant activity during the Quarter.

#### **3.1.2 Otway Basin**

##### **PEL 27 (Interest 50%)**

Beach Petroleum Limited assumed operatorship of the permit during the previous Quarter in accordance with the farmin arrangements. The Cowrie 1 well is scheduled to be drilled in late 2005. A further nine month suspension of the permit to accommodate the delayed drilling schedule has been approved.

##### **PRL 1 and PRL 2 (Interest 75.7143% (Operator) in PRL 2; and 100% (Operator) in PRL1))**

The Wynn 2 gas well, in PRL1 (approved in late 2004), is programmed to be drilled during the fourth Quarter of 2005, with the timing dependent on rig availability.

#### **3.2 Queensland**

##### **3.2.1 Cooper/Eromanga Basin**

###### **ATP 259P - SWQ Gas Unit (Interest 16.7375%)**

Two near field gas exploration wells, Winninia South 1 and Costa West 1, were drilled during the Quarter. Both wells encountered net gas pay in the Permian and were cased and suspended as future gas producers.

The Windula 1 exploration well was plugged and abandoned after recording minor hydrocarbon shows in Jurassic, Triassic and Permian sandstones.

The Saratago 1 exploration well commenced during September and was drilling ahead in early Cretaceous sediments the end of the Quarter.

###### **ATP 259P (Block Interests 10-27%)**

No significant activity during the Quarter.

###### **ATP 633P (Interest 50%)**

The Right-to-Negotiate (RTN) process is continuing in order to effect grant of this title. An agreement has been signed by Origin, Beach Petroleum Limited and the Wangkumarra people and awaits signing by the Government, with title to be granted thereafter. Origin has sold its interest in ATP 633P, subject to the grant of the title, to Beach Petroleum Limited.

##### **3.2.2 Surat Basin (\* denotes CSG permit(s))**

###### **ATP 336P (Waldegrave) (Interest 46.25%)**

No significant activity during the Quarter.

###### **ATP 375P (Interest 100% (Operator))**

Interpretation of the Myall Creek 3D Seismic Survey covering the majority of PL 174 and the eastern ATP 375P continued during the Quarter. This project is aimed at assessing the potential of the Rewan and Tinowon plays in this area.

**ATP 470P Redcap, Rolston and Formosa Downs (Interest 90.0% (Operator) in ATP 470P Redcap; 100% (Operator) in ATP 470P Rolston; and 58.5% (Operator) in ATP 470P Formosa Downs)**

AusAm Resources Limited (AusAm), having completed its funding requirements to acquire a 35% interest in ATP 470P Formosa Downs, also exercised an option to increase its interest to 45% by undertaking further funding of the Kyeen Creek 1 well, expected to be drilled in early 2006.

**ATP 471P Weribone Pooling Area (Interest 50.64% (Operator))**

No significant activity during the Quarter.

**ATP 606P \* (Interest 92.716% (Operator))**

Planning continued for the drilling of a two production wells to test the Walloon CSG potential in the Combabula prospect at a location identified on seismic acquired in late 2004, approximately 2km from Combabula 1.

**ATP 631P \* (Interest 95.7104% (Operator))**

Processes were continued to transfer all interests in the tenure to Tri-Star Petroleum Company.

**ATP 647P (Block 2656) (Interest 50% (Operator))**

Origin will sole risk a re-entry into the Myall Creek East 1 well. The new hole will be drilled underbalanced with a coiled tubing unit and is planned for the first Quarter of 2006.

**ATP 663P \* (Interest 100% (Operator))**

Planning continued for the drilling of a cored slimhole in early 2006.

**ATP 680P \* (Interest 100% (Operator))**

The tenure has been surrendered and awaits release following acceptance of environmental reports.

**ATP 682P (Interest 55% (Operator))**

No significant activity during the Quarter.

**ATP 692P, PLs 209 and 226 \* (Interest 100% (Operator))**

Construction of the Talinga pond was completed during the Quarter with production testing of the Walloon CSG potential in the Talinga extended pilot area now underway. Planning also commenced for the drilling of four additional cored slimholes commencing in February 2006 to evaluate the extent of the coal characteristics in each of the Woleebee (PL 209), Talinga (PL 226), Orana (ATP 692P) and Kainama (PLA 225) prospects. The drilling of a new production test pilot at Orana (PLA 215 portion) consisting of three wells is also planned to

commence in late 2005.

**ATP 702P \* (Interest 100% (Operator))**

Planning continued for a seismic acquisition program to be recorded in the fourth Quarter of 2005. The seismic will comprise three seismic lines with a total length of approximately 35 kilometres. Planning also continued for the drilling of two cored slimholes in January 2006.

**ATP 754P (Interest 50% (Operator))**

Planning is ongoing for the 220 km Westmar 2D seismic program which is expected to be acquired during the fourth Quarter of 2005.

**3.2.3 Bowen Basin ( \* denotes CSG permit(s))**

**ATP 337P (Interest 50%)**

Greenmount 1, a conventional gas exploration well, commenced on 20 September 2005 to test the gas potential of the Freitag Formation and deeper formations on a location at the southern (updip) end of the Moorooloo structure. By the end of the Quarter, the well had reached a depth of 698m (prognosed total depth at 1814m).

**ATP 337P (Mahalo) \* (Interest 40%)**

Comet Ridge Ltd has exercised an option to increase its interest to 40% by funding further activities. Planning has continued for the drilling of a production well and for two cored slimholes to test the Bandanna CSG potential in the eastern part of the Mahalo farmout block.

**ATP 526P \* (Interest 23.93%)**

No significant activity during the Quarter.

**ATP 553P (Interest 50%)**

Yamala 2, a conventional gas exploration well, commenced on 29 August 2005 to appraise the Permian gas potential of the greater Yamala structure. Two drill stem tests were conducted to evaluate the coal seam gas potential of the Mantuan and Bandanna formation coals. Both resulted in no gas to the surface. A further drill stem test was conducted to test a hydrocarbon show over the interval 638m to 665 m in the Catherine Sandstone. The test resulted in gas to surface at a rate too small to measure. Casing was set at 746.4m and the hole was then drilled with air. Three open hole flow tests were conducted in the Freitag Formation, recording rates of up to 0.72 MMscfd. Water was encountered at 865m and total depth was called at 894m. The well was subsequently suspended pending further evaluation.

**ATP 564P \* (Interest 50% (Operator))**

On 7 September 2005, Origin announced that it had entered into an agreement to sell its interest in ATP 564P to Anglo Coal (Moura) Limited and Mitsui Moura Investment Pty Ltd, subject to Government approval and the exercise of pre-emption rights of coventurers.

Production testing to the two exploration wells, Bindaree 1 and 2, was continued during the Quarter. An application for PL 210 is currently in the consultation phase with the overlapping coal mining tenement holder prior to granting.

**ATP 584P \* (Interest 29.29825%)**

No significant activity during the Quarter.

**ATP 592P \* (Interest 94.505% (Operator))**

The drilling of a well to test the CSG potential of the Reids Dome Beds coals on the western side of the Spring Gully field has been deferred indefinitely.

**ATP 602P \* (Interest 50% (Operator))**

On 7 September 2005, Origin announced that it had entered into an agreement to sell its interest in ATP 602P to Anglo Coal (Moura) Limited and Mitsui Moura Investment Pty Ltd, subject to Government approval and the exercise of pre-emption rights of coventurers.

Production testing of the Timmy 2 and 3 wells is expected to re-commence in the next Quarter following a workover of the wells.

**ATP 653P \* (Interest 23.85%)**

No significant activity during the Quarter.

**ATP 698P, PL 219 and 220 \* (Interest 100% (Operator))**

No significant activity during the Quarter.

**ATP 745P \* (Interest 23.85%)**

No significant activity during the Quarter.

### **3.3 Victoria**

#### **3.3.1 Otway Basin**

**PEP 150 (Interest 50%)**

Origin has agreed to sell its equity in this permit (when granted) to Essential Petroleum Resources Ltd and Mawson Petroleum Pty Ltd.

**PEP 153 (Interest 100% (Operator))**

No significant activity during the Quarter.

**PEP 154A and B (Interest 90% (Operator))**

The Peterborough 1 exploration well commenced on 16 August 2005 and reached a total depth of 2070m on 6 September. Interpretation of the wireline logs and the lack of hydrocarbon shows encountered during drilling indicate that the primary target, the Waarre Formation, is water bearing and of poor reservoir quality at this location. The well was plugged and abandoned.

The Childers Cove 1 exploration well commenced on 19 September 2005. The well was drilled to a total depth of 2658m in the Eumeralla Formation. Gas shows were recorded over the Waarre Formation, but wireline log and pressure data indicated the upper sandstones to be water bearing and the lower sandstones to be of poor quality. The well was plugged and abandoned.

#### **PEP 160 (Interest 40%)**

A Sale and Purchase Agreement has been executed by the current Joint Venture parties (Santos Limited and Origin) and Beach Petroleum Limited whereby Origin's interest in the permit will reduce to 20%. Due to rig availability the proposed drilling of the Lindsay prospect, a deep gas play, is now not expected to occur until the first Quarter of 2006. To accommodate this delay Santos (Operator) has applied to Department of Primary Industries (Victoria) for a 12 month extension of the current permit term.

#### **VIC/P43 (Interest 30.75%)**

Origin has entered into an agreement to acquire an additional 1% interest in VIC/P43 (Refer T/L2 in 2.5.1 above).

The permit was renewed in August 2005.

#### **VIC/P37(V) (Interest 37.5% (Operator))**

Evaluation of the results of the Halladale/ Black Watch drilling program continued during the Quarter.

#### **VIC/P41(V) (Interest 100%, (Operator))**

Preparations are being made for a seismic data reprocessing program.

### **3.4 Tasmania**

#### **3.4.1 Otway Basin**

##### **T/30P (Interest 30.75%)**

Origin has entered into an agreement to acquire an additional 1% interest in T/30P. (Refer T/L2 in 2.5.1 above).

Acquisition of the planned Aragorn 3D seismic survey is scheduled to commence in March 2006. The Thylacine South exploration well is expected to be drilled in December 2005/January 2006 in conjunction with the Thylacine development drilling program.

##### **T/34P (Interest 30.75%)**

Origin has entered into an agreement to acquire an additional 1% interest in T/34P. (Refer T/L2 in 2.5.1 above).

Acquisition of the planned Aragorn 3D seismic survey is scheduled to commence in March 2006.

### 3.4.2 Bass Basin

#### T/18P (Interest 46.4% (Operator))

Origin has entered into an agreement to acquire an additional 5% interest in T/18P. (Refer T/L1 in 2.5.2 above).

Acquisition of the planned Shearwater 3D and 2D seismic survey over the Trefoil discovery and nearby exploration leads is scheduled to commence in November 2005.

#### T/RL1 (Interest 42.5% (Operator))

Origin has entered into an agreement to acquire an additional 5% interest in T/RL1. (Refer T/L1 in 2.5.2 above).

No significant activity during the Quarter.

### 3.5 Western Australia

#### 3.5.1 Perth Basin

##### EP 320/L11 (Interest 67.0% (Operator))

The Tarantula 1 sidetrack well (Tarantula 1ST1) kicked off at 1295m on 2 July 2005 and reached a total depth of 3317m on 22 July 2005. The well intersected the top of the primary target, the Wagina Formation, at 3228m, with two sandstones interpreted as containing net effective pay. The upper zone (3228m-3237m) was previously intersected in Tarantula 1 and the lower zone (3258m-3267m) correlates with the productive unit in the Beharra Springs field. Over the two zones, approximately 10m are interpreted to be good to excellent quality reservoir sands. The well was completed as a future gas producer on 29 July 2005. Testing of Tarantula 1ST1 began late in the Quarter and will continue during October.

Preparation for the drilling of Beharra Springs 4 was completed during the Quarter. However, ODE Rig 16 was contracted to Chevron for wells on Barrow Island following the drilling of Jingemia 5; therefore, plans for the drilling of Beharra Springs 4 have been deferred until the rig returns during the second Quarter of 2006.

Post-Tarantula 1ST1 updating of the subsurface geological modeling began late in the Quarter and is expected to be completed by the end of October.

##### EP 413 / L14 (Interest 49.189% (Operator))

Jingemia 6, an oil appraisal/development well targeting the Dongara Sandstone, was spudded using ODE Rig 16 on 16 August. The well was drilled directionally to intersect the top of the Dongara Sandstone 540m north-northeast of the surface location at a point interpreted to be at or near the structural crest of the Jingemia field. Jingemia 6 was drilled to a total depth of 2584m measured depth. Wireline logs indicated that the Dongara Sandstone is faulted out at this location. A cement plug was set across the interval 2450m-2510m.

A Jingemia 6 sidetrack well, Jingemia 10, targeting a subsurface location 50m-75m southwest of the Jingemia 6 borehole, kicked off at 2065m on 31 August

2005. The targeted Dongara Sandstone reservoir was intersected at 2455m, 40 metres above the oil-water contact and 7 metres downdip from Jingemia 4. The Dongara Sandstone was found to be 32 metres thick at Jingemia 10 and log analysis indicated 100% net effective pay with oil saturations throughout the Dongara Sandstone comparable to Jingemia 4. Total depth at 2587m was reached on 5 September, with production casing set at 2200m. The rig was released on 12 September.

Jingemia 5, designed as a water injection well, was spudded using ODE Rig 16 on 22 September 2005 at a surface location approximately 60m northeast of the Jingemia 6 surface location and 275m northwest of the Jingemia oil production facility. The well is being directionally drilled to intersect the top of the primary target Dongara Sandstone 20m downdip from the field's oil-water contact. At the end of September, Jingemia 5 was drilling ahead in the Woodada Formation at a depth of 2150m measured depth.

Interpretation and mapping of the Denison 3D Phase 3 volume continued throughout the Quarter.

#### **L1 and L2 (Excluding Dongara, Mondarra and Yardarino gas fields) (Interest 50%)**

Jingemia 9, a sidetrack of Jingemia 7 in L2 in the northern area of Jingemia Field, kicked off at 732m on 14 August 2005. The targeted Dongara Sandstone reservoir was intersected approximately 52m lower than prognosed (approximately 46m downdip from the Jingemia Field oil water contact). Wireline logs confirmed that the Dongara Sandstone is water-saturated at this level and Jingemia 9 was therefore completed as a water injector. (Based on the Jingemia 9 result, the previously planned Jingemia 8 water injection well in L14 was determined to be no longer required.)

Evandra 1, an oil exploration well located 3 kilometres southeast of the Jingemia Field, was spudded on 19 July 2005 using Century Rig 11. Log analysis indicates approximately 5.5m of net oil pay in the Dongara Sandstone and a similar thickness in the Wagina Formation; however, permeability appears to be low except in the upper 2m-4m of each zone. The well was drilled to a total depth of 2352m and the rig was released on 6 August 2005.

Further testing at Corybas 1 in L2 has been delayed due to a failed attempt to isolate the bottom zone of the Irwin River Coal Measures and to subsequent equipment selection and availability. (Corybas 1 commenced flow testing on 31 March 2005 for further evaluation of the commercial significance of this new field gas discovery. Gas flow rates commenced at 2.61MMscfd, declining to 0.61 MMscfd by 7 April 2005. The well was then shut in for a pressure build up.)

Senecio 1, an exploration well targeting the Dongara Sandstone, was spudded on 28 September 2005. The well was a sidetrack from the Hakia 2 well which was unsuccessful in encountering hydrocarbons in early July 2005. Senecio 1 was drilled to a total depth of 2985m in the Wagina Formation. A core was cut over the Kockatea Shale interval from 2708m to 2763m of which 21m (38%) was recovered. Preliminary log interpretation indicates a gross hydrocarbon column in the Dongara/Wagina section of approximately 75m of which 30m is interpreted as being of potential reservoir quality. Due to hole conditions, sufficient wireline pressure measurements to confirm hydrocarbon content and reservoir quality could not be obtained. The hydrocarbon column is, however, interpreted to most likely be gas with some indications of oil in the lower part of the

interval. Casing was run to a depth of 2981m and a production tubing string and completion assembly was also run in the well.

**EP 368 (Interest 15%)**

Planning was completed during the Quarter for the 248 sq km Wye Aeromagnetic Survey which is now scheduled to be acquired in mid-October 2005.

Planning was also completed during the Quarter for acquisition of the 147km Springy Creek 2D Seismic Survey, which is expected to be undertaken during the first Quarter of 2006.

**WA 226P (Interest 28.75% (Operator))**

A review of the prospectivity of the permit was completed during the Quarter and a report was issued to the Joint Venture parties in September.

**3.6 New Zealand**

**3.6.1 Onshore Taranaki Basin**

**PEP 38729 (Interest 25%)**

A review of the prospectivity of the permit is currently underway.

**3.6.2 Offshore Taranaki Basin**

**PEP 38485 (Interest 33.33%)**

The Joint Venture has agreed to record a 3D seismic survey over the Kora area.

**3.6.3 Offshore Canterbury Basin**

**PEP 38262 (Interest 100%)**

Origin was awarded PEP 38262 effective 22 August 2005. Planning for a 2D seismic survey in the first Quarter of 2006 is underway.

#### 4. EXPLORATION AND DEVELOPMENT EXPENDITURE

| <u>E &amp; D Expenditure</u> | A\$'000 | This Quarter  | Previous Quarter | % Change   | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06   | YTD 2004/05   |
|------------------------------|---------|---------------|------------------|------------|---------------------------------|---------------|---------------|
| Exploration/<br>Appraisal    |         | 12,185        | 21,023           | (42)       | 8,237                           | 12,185        | 8,237         |
| Development/<br>Plant        |         | 78,922        | 70,270           | 12         | 62,548                          | 78,922        | 62,548        |
| <b>Total</b>                 |         | <b>91,107</b> | <b>91,293</b>    | <b>(0)</b> | <b>70,785</b>                   | <b>91,107</b> | <b>70,785</b> |

  

|                           | NZ\$'000 | This Quarter | Previous Quarter | % Change   | 1 <sup>st</sup> Quarter 2004/05 | YTD 2005/06  | YTD 2004/05  |
|---------------------------|----------|--------------|------------------|------------|---------------------------------|--------------|--------------|
| Exploration/<br>Appraisal |          | 94           | 292              | (68)       | 160                             | 94           | 160          |
| Development/<br>Plant     |          | 3,388        | 609              | 456        | 4,039                           | 3,388        | 4,039        |
| <b>Total</b>              |          | <b>3,482</b> | <b>901</b>       | <b>286</b> | <b>4,199</b>                    | <b>3,482</b> | <b>4,199</b> |

**NB : E & D Expenditure excludes acquisitions and corporate plant & equipment**

The details and development activities and the expenditure and revenues relating to those activities referred to in this report have not been audited.