

## Report for the Quarter ended 31 December 2006

### 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:

- Total production increased 6% to 22.5 PJe compared with the previous Quarter reflecting the continued ramping up of production in the BassGas Project, increased oil production in the Perth Basin after a successful field development drilling program and continuing increases in coal seam gas (CSG) production. Product sales and revenues were comparable with those of the previous Quarter.
- Over the six months to 31 December 2006, production increased by 11%, product sales by 13% and revenues by 15% compared with the same six month period in the 2005/06 year.
- The BassGas Project successfully completed key endurance and maximum design capacity (67TJ/day) milestones in October 2006. Sales gas, condensate and LPG are being produced daily to required specifications and sold to customers. Operational issues with plant amine and dehydration systems have placed a cap on the maximum continuous production volumes for November and December. Modifications and inspections to resolve these operational issues are planned during a short shutdown in the March Quarter of 2007.
- In the Kupe Gas Project in New Zealand, fabrication of the platform jacket in Thailand is near completion and fabrication of the topsides has commenced. As announced in October 2006 the arrival of the Ensco 107 drilling rig which will be used to install the jacket and to drill the development wells has been delayed by 3 months to June 2007. Work has also begun on the onshore production station and associated infrastructure. The project remains on schedule for first gas in the first half of 2009.
- In the Otway Gas Project, the offshore facilities and pipeline to shore have been completed. Construction of the onshore gas plant remains the main focus of attention. A further update on the project timing is expected from the Operator (Woodside Energy Limited) in February 2007.
- Three successful appraisal/development wells in the Perth Basin, Jingemia 8, Eremia 6 (sidetrack from Eremia 5) and Hovea 12, were brought on line during the Quarter. All tested in excess of 3000 barrels of oil per day (bopd) upon completion and cleanup. At the end of the Quarter, Jingemia 8 was producing at approximately 2700 bopd, Eremia 6 at 2000 - 2500 bopd and Hovea 12 at 500 - 1000 bopd, the latter restricted by the presence of wireline which was lost down the hole during completion operations. Average daily production from the Perth Basin in December exceeded 3500 bopd net to Origin.
- Origin participated in the drilling of 24 CSG wells in its Queensland tenements during the Quarter at Fairview (8 wells), Talinga/Orana (6), Argyle area (8) and Peat (2).

- On 1 November 2006 Origin commenced supplying QAL in Gladstone with gas under a new contract for the delivery of 12 PJ of gas per annum for 15 years. The contract replaces a previous long term gas supply agreement under which the Denison Trough producers (Origin 50% and Santos 50%) supplied QAL. Origin will supply the gas primarily from the Spring Gully CSG field, but in the immediate term part of the gas will continue to be supplied from Origin's share of gas production from the Denison Trough.
- In the Cooper/Eromanga Basin, Origin also participated in 20 wells (8 development, 7 appraisal and 5 exploration) of which 15 were part of the oil drilling program. 14 wells were cased and suspended as future oil producers and 4 wells as future gas producers.
- Acquisition of the 3200 km 2D Lamu Seismic Survey in Blocks L-8 and L-9, offshore Kenya, commenced on 23 December 2006.
- An exploration well in the Perth Basin, Lyginia 1, failed to encounter hydrocarbons and was plugged and abandoned.
- An exploration well, the sidetracked Glenaire 1ST1, in the onshore Otway Basin (southeast of Katnook) was cased and suspended for later cased-hole testing.
- Origin (100%) applied for and was granted a new offshore exploration permit, PEP 38264, in the Canterbury Basin, New Zealand, adjacent to its 100% held PEP 38262.

## Post Report Date Events

- The Jingemia 8 well in L14, onshore Perth Basin, is currently producing at an average of approximately 2770 bopd with no water, taking gross production from the Jingemia Field to around 3300 bopd (1650 bopd net to Origin).
- An offer of a Retention Lease (PRL 13) over the Killanoola 1 area was made to the PEL 27 Joint Venture by PIRSA on 3 January 2007.
- The 40 km Kupe Shallow Gas 2D Seismic Survey in the Taranaki Basin, New Zealand, was acquired in mid-January 2007. The seismic vessel is now recording the Nimitz 3D Seismic Survey in PEP 38619.
- Itchy 1, a new field oil exploration well, drilled as part of the oil campaign in the SA sector of the Cooper Basin flowed oil at 2174 bopd from the Hutton Sandstone.
- Fracture stimulation of the Myall Creek 2 and 3 gas wells in the Surat Basin has been successful, achieving increases in deliverability of between 2 and 5 TJ/d.
- Origin has acquired an additional 600 km of 2D seismic as part of the Lamu Seismic Survey in offshore Kenya. The acquisition phase was completed on 25 January 2007.

## Report for the Quarter ended 31 December 2006

### 1. PRODUCTION SALES AND EXPENDITURE

Origin's share of production and energy sales during the Quarter is summarised 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 December 2006 production. Also, 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   | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07  | YTD 2005/06  |
|---------------------------|------------|--------------|------------------|------------|---------------------------------|--------------|--------------|
| <b>Natural Gas</b>        | <b>PJe</b> |              |                  |            |                                 |              |              |
| SA Cooper & SWQ           |            | 6.0          | 6.4              | (6)        | 6.5                             | 12.4         | 13.9         |
| Bass Basin                |            | 1.9          | 1.2              | 58         | -                               | 3.1          | -            |
| Otway Basin               |            | 0.7          | 0.8              | (13)       | 0.9                             | 1.5          | 1.9          |
| Perth Basin               |            | 1.2          | 1.0              | 20         | 0.8                             | 2.2          | 1.5          |
| Coal Seam Gas             |            | 5.5          | 5.3              | 4          | 4.5                             | 10.8         | 8.9          |
| Surat / Denison           |            | 2.6          | 2.6              | 0          | 2.5                             | 5.2          | 5.0          |
| <b>Ethane</b>             | <b>PJe</b> |              |                  |            |                                 |              |              |
| SA Cooper & SWQ           |            | 0.4          | 0.5              | (20)       | 0.5                             | 0.9          | 0.8          |
| <b>Total Production</b>   |            | <b>18.3</b>  | <b>17.8</b>      | <b>3</b>   | <b>15.7</b>                     | <b>36.1</b>  | <b>32.0</b>  |
| <b>Total Sales Volume</b> |            | <b>19.4</b>  | <b>19.9</b>      | <b>(3)</b> | <b>15.5</b>                     | <b>39.3</b>  | <b>33.4</b>  |
| <b>Total Revenue</b>      | <b>\$M</b> | <b>64.4</b>  | <b>68.6</b>      | <b>(6)</b> | <b>54.8</b>                     | <b>133.0</b> | <b>115.8</b> |

| Crude Oil                 | Unit         | This Quarter | Previous Quarter | % Change   | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07  | YTD 2005/06  |
|---------------------------|--------------|--------------|------------------|------------|---------------------------------|--------------|--------------|
| <b>Crude Oil</b>          | <b>kbbls</b> |              |                  |            |                                 |              |              |
| SA Cooper & SWQ           |              | 77.8         | 81.3             | (4)        | 87.1                            | 159.1        | 183.8        |
| Surat / Denison           |              | 4.4          | 5.6              | (21)       | 5.7                             | 10.0         | 12.3         |
| Perth Basin               |              | 287.0        | 202.3            | 42         | 382.4                           | 489.3        | 622.5        |
| <b>Total Production</b>   |              | <b>369.2</b> | <b>289.2</b>     | <b>28</b>  | <b>475.2</b>                    | <b>658.4</b> | <b>818.6</b> |
| <b>Total Sales Volume</b> |              | <b>375.6</b> | <b>374.2</b>     | <b>0</b>   | <b>510.3</b>                    | <b>749.8</b> | <b>935.3</b> |
| <b>Total Revenue</b>      | <b>\$M</b>   | <b>26.8</b>  | <b>28.6</b>      | <b>(6)</b> | <b>30.6</b>                     | <b>55.4</b>  | <b>54.6</b>  |

| Condensate/Naphtha        | Unit         | This Quarter | Previous Quarter | % Change  | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07  | YTD 2005/06  |
|---------------------------|--------------|--------------|------------------|-----------|---------------------------------|--------------|--------------|
| <b>Condensate/naphtha</b> | <b>kbbls</b> |              |                  |           |                                 |              |              |
| SA Cooper & SWQ           |              | 97.7         | 103.3            | (5)       | 101.3                           | 201.0        | 218.6        |
| Bass Basin                |              | 104.1        | 62.5             | 67        | -                               | 166.5        | -            |
| Otway Basin               |              | 2.2          | 2.9              | (24)      | 3.6                             | 5.1          | 8.1          |
| Perth Basin               |              | 2.8          | 2.7              | 4         | 0.9                             | 5.5          | 2.0          |
| Surat / Denison           |              | 12.2         | 14.7             | (17)      | 15.1                            | 26.9         | 30.7         |
| <b>Total Production</b>   |              | <b>219.0</b> | <b>186.1</b>     | <b>18</b> | <b>120.9</b>                    | <b>405.0</b> | <b>259.4</b> |
| <b>Total Sales Volume</b> |              | <b>208.9</b> | <b>143.6</b>     | <b>45</b> | <b>109.3</b>                    | <b>352.5</b> | <b>247.5</b> |
| <b>Total Revenue</b>      | <b>\$M</b>   | <b>14.4</b>  | <b>11.4</b>      | <b>26</b> | <b>7.6</b>                      | <b>25.7</b>  | <b>15.6</b>  |

| LPG                       | Unit       | This Quarter | Previous Quarter | % Change  | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07 | YTD 2005/06 |
|---------------------------|------------|--------------|------------------|-----------|---------------------------------|-------------|-------------|
| LPG                       | Ktonnes    |              |                  |           |                                 |             |             |
| SA Cooper & SWQ           |            | 11.1         | 12.2             | (9)       | 11.0                            | 23.3        | 23.5        |
| Bass Basin                |            | 4.6          | 2.0              | 130       | -                               | 6.6         | -           |
| Surat / Denison           |            | 2.1          | 2.4              | (12)      | 2.3                             | 4.5         | 4.4         |
| <b>Total Production</b>   |            | <b>17.8</b>  | <b>16.6</b>      | <b>7</b>  | <b>13.3</b>                     | <b>34.4</b> | <b>27.9</b> |
| <b>Total Sales Volume</b> |            | <b>19.0</b>  | <b>11.7</b>      | <b>62</b> | <b>7.9</b>                      | <b>30.7</b> | <b>29.2</b> |
| <b>Total Revenue</b>      | <b>\$M</b> | <b>11.8</b>  | <b>8.7</b>       | <b>36</b> | <b>6.0</b>                      | <b>20.5</b> | <b>18.3</b> |

|                           | Unit | This Quarter | Previous Quarter | % Change | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07 | YTD 2005/06 |
|---------------------------|------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| Production (all products) | PJe  | 22.5         | 21.3             | 6        | 19.8                            | 43.8        | 39.5        |
| Sales (all products)      | PJe  | 23.7         | 23.4             | 1        | 19.5                            | 47.1        | 41.6        |
| Total Revenue             | \$M  | 117.4        | 117.2            | 0        | 99.1                            | 234.6       | 204.4       |

|                    | Unit | This Quarter | Previous Quarter | % Change | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07 | YTD 2005/06 |
|--------------------|------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| Total Sales Volume | PJe  |              |                  |          |                                 |             |             |
| Internal           |      | 10.8         | 10.2             | 6        | 5.0                             | 21.0        | 11.5        |
| External           |      | 12.9         | 13.2             | (2)      | 14.5                            | 26.1        | 30.1        |
| <b>Total</b>       |      | <b>23.7</b>  | <b>23.4</b>      | <b>1</b> | <b>19.5</b>                     | <b>47.1</b> | <b>41.6</b> |

| Product Purchases included in above sales | Unit | This Quarter | Previous Quarter | % Change | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07 | YTD 2005/06 |
|---|------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| Total                                     | PJe  | 1.5          | 1.6              | (6)      | 0.9                             | 3.1         | 2.8         |

|                     | Unit | This Quarter | Previous Quarter | % Change | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07 | YTD 2005/06 |
|---------------------|------|--------------|------------------|----------|---------------------------------|-------------|-------------|
| Production by Basin | PJe  |              |                  |          |                                 |             |             |
| SA Cooper & SWQ     |      | 7.9          | 8.6              | (8)      | 8.6                             | 16.5        | 18.1        |
| Bass Basin          |      | 2.7          | 1.6              | 69       | -                               | 4.3         | -           |
| Otway Basin         |      | 0.7          | 0.8              | (13)     | 0.9                             | 1.5         | 2.0         |
| Perth Basin         |      | 2.9          | 2.2              | 32       | 3.0                             | 5.1         | 5.1         |
| Coal Seam Gas       |      | 5.5          | 5.3              | 4        | 4.6                             | 10.8        | 8.9         |
| Surat/Denison       |      | 2.8          | 2.8              | 0        | 2.7                             | 5.6         | 5.4         |
| <b>Total</b>        |      | <b>22.5</b>  | <b>21.3</b>      | <b>6</b> | <b>19.8</b>                     | <b>43.8</b> | <b>39.5</b> |

**Conversion Factors:**

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

## 1.2 Production/Sales Summary

Total production of 22.5 PJe for the Quarter was 6% higher than for the previous Quarter and 14% higher than the comparable period in the 2005/06 year. These figures, relative to the previous Quarter, reflected increasing production from the BassGas Project which continued to ramp up production, increased oil production in the north Perth Basin where three successful appraisal/development wells were brought on line and continuing increases in CSG production. These increases were partially offset by continuing decline in production in the mature Cooper Basin and onshore Otway Basin. Over the six months to 31 December 2006, production increased 11% to 43.8 PJe when compared with production in the corresponding period in the 2005/06 year.

Product sales for the Quarter were similar (1% increase) to those for the previous Quarter but 22% above those for the comparable period in the 2005/06 year. Revenues also remained little changed but were 18% higher than for the comparable Quarter in 2005/06. Revenues for the six months to 31 December 2006 were \$234.6 million, 15% above those for the same six month period in the 2005/06 year.

## 2. MARKETING AND DEVELOPMENT ACTIVITIES

### 2.1 South Australia

#### 2.1.1 Cooper/Eromanga Basin

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

One gas development well was drilled during the Quarter.

The Big Lake 83 well (twin of Big Lake 65), located approximately 180 m southwest of Big Lake 65, was drilled to a total measured depth of 3044 m before being cased and suspended as a future Permian gas producer.

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

No significant activity during 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%)

Two gas development wells were drilled during the Quarter.

The Baryulah 11 well, located approximately 0.3 km northeast of Baryulah 1, reached the total measured depth of 2600 m and was cased and suspended as a future Permian gas producer.

The Psyche 5 gas development well, located 1.3 km East of Psyche 1, reached the total measured depth of 2228 m and was cased and suspended as a future Permian gas producer.

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

The Yanda oil development campaign of five development wells (Yanda 20 - 24) and one injector well (Yanda 18) was completed during the Quarter. All of the five oil development wells were cased and suspended as future Jurassic oil producers. Yanda 18 will be completed as a Murta Member water injector.

**2.2.2 Surat Basin (\* denotes CSG permit(s))**

**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, 174 and 227 (Interest 100% (Operator))**

The Myall Creek 2, Myall Creek 3 and Ogilvie Creek 1 wells were fracture stimulated during November 2006. The wells were cleaned up with a workover rig during December 2006 with further testing to occur during the first Quarter of 2007.

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

No significant activity during the Quarter.

**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))**

An upgrade on the Washpool oil facility commenced. Recommencement of oil production is expected in the March Quarter of 2007.

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

No significant activity during the Quarter.

**PLs 179, 228 and 229 \* (Argyle) (Interest 40.625%)**

Seven wells were drilled in PL 228 during the Quarter as part of the Argyle development.

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

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

The long term gas sales contract between the Denison Trough producers (Origin and Santos) and QAL terminated in October 2006. A new contract under which Origin

will supply 12 PJ/a of gas to QAL over 15 years, primarily from its Spring Gully CSG field, commenced on 1 November 2006. Origin's ongoing share of Denison Trough gas is also being sold under that contract.

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

In the Peat field two appraisal wells were drilled during December 2006 as part of a three well drilling program. These wells have been suspended awaiting completion and connection.

#### **PLs 90, 91, 92, 99, 100, 232, 233, 234, 235 and 236 \* (Fairview) (Interest 23.93%)**

Eight appraisal/development wells were drilled in the Fairview field as part of an ongoing drilling program, the primary purpose of which is to underwrite future production and reserves growth within the Fairview 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))**

The Spring Gully gas plant recorded peak gas sales of around 43.9 TJ/d during the Quarter.

Work continued on Phases 3 and 4 of the Spring Gully Project which will address additional field deliverability and gas plant expansion (to 85 TJ/d) to meet firm contractual commitments to QAL, Energex and Incitec Pivot. There were no new development wells drilled during the Quarter on the Spring Gully field as part of this project. Six wells drilled prior to this Quarter were completed and connected.

A fifth compressor was commissioned during the Quarter at the existing Spring Gully compression plant. Construction continued on a new satellite plant at Strathblane to the north of Spring Gully.

#### **PLs 219 and 220 \* (Interest 100% (Operator))**

No significant activity during the Quarter.

### **2.3 Western Australia**

#### **2.3.1 Perth Basin**

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

Gross production from the Beharra Springs gas plant (via the Tarantula 1 and Beharra Springs 1 and 2 wells) averaged 12.4 TJ/d during the Quarter. Associated condensate production during the Quarter was 29 bcpd.

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

Average gross oil sales for the Quarter through the Hovea production facility were approximately 3371 bopd from Hovea 4, 7, 8, 11 and Eremia 1 and 2.

The Xyris field produced at average rates of 8.7 TJ/d through the Quarter.

The Hovea 12 oil appraisal/development well was drilled in September/October 2006 on the northern end of the Hovea field. The top of the targeted Dongara

Sandstone was intersected at 2324 m measured depth. Hydrocarbon indications recorded during drilling, wireline logs and wireline pressure measurements indicated a 22 m oil column above the current oil-water contact (OWC) of the Hovea field. Although Hovea 12 encountered the reservoir lower than prognosed, the OWC rise in this northern area of the field is lower than predicted, indicating poor sweep efficiency. The well is therefore optimally located for recovery of the reserves from this part of the field. The well was perforated over an 8 m interval at the top of the Dongara Sandstone. A clean-up flow through separator flowed at an equivalent of 3230 bopd. At the end of the Quarter Hovea 12 was producing at 500 to 1000 bopd, restricted due to the presence of wireline which was lost down the hole during completion operations.

The Eremia 5 oil development well was directionally drilled to a total depth of 2306 m measured depth. Log correlation indicated the well had landed approximately 45 m east, and on the low side, of the Eremia field bounding fault. The well was plugged back to 1575 m measured depth preparatory to sidetracking farther to the west to ensure near-crestal intersection of the Dongara Sandstone oil reservoir.

The Eremia 5 sidetrack, designated Eremia 6, intersected the top of the Dongara Sandstone reservoir 8 m above the previous highest intersection in the field. Logs recorded whilst drilling indicated a 23 m oil column with an OWC at the same level as the original OWC, confirming this area of the field has not been drained by existing producers. An 8 m interval in the upper Dongara Sandstone was perforated and flowed at an initial rate of 3790 bopd, with no water. A permanent flowline was installed and at the end of the Quarter, Eremia 6 was producing at 2000 to 2500 bopd.

Planning commenced for an Eremia 7 oil appraisal/development well to access oil reserves in the northern part of the field. Eremia 7 is anticipated to be drilled during the March Quarter of 2007.

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

Gross production during the Quarter from the Jingemia production facility averaged 2720 bopd from Jingemia 4 and 10 and the new producer Jingemia 8 which was online in late October 2006. Production was impacted adversely due to higher water cut than expected in Jingemia 4 and 10; Jingemia 4 and 10 being offline for most of November for operational reasons; and Jingemia 4 ceasing to flow naturally in late October. Constraints on oil transportation capacity also impacted on production.

Average water injection via Jingemia 3, 5 and 9 was 6020 bwpd over the Quarter.

During October, the Jingemia 8 oil appraisal/development well (drilled in August/September) was cased and perforated over a 21.5 m interval in the upper Dongara Sandstone. A clean-up flow conducted on a 1-inch choke flowed at 3520 bopd. A permanent flowline was installed and Jingemia 8 was connected to the Jingemia production facility. At the end of the Quarter the well was flowing at an average daily rate of approximately 2700 bopd with no water cut.

Work continued during the Quarter to determine the technical and commercial feasibility of a Jingemia 11 development well which, subject to necessary approvals and the availability of a suitable drilling rig, will be drilled during the first half of 2007.



## 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 and PRL 1 (Interest 90% in PPLs 6 and 9 and PRL 1 (Operator); Interest 100% in PPL 10 (Operator))**

No significant activity during the Quarter.

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

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 (Thylacine) and T/L3 (Thylacine South) (Interest (30.75%))**

The jack-up rig departed, having completed development drilling at the Thylacine field.

The offshore facilities and pipelines to shore have been completed, with only minor residual work remaining. The main focus of attention has continued to be on construction of the onshore gas plant. The Operator, Woodside Energy Ltd, is continuing to work with the EPIC Contractor to expedite completion. A statement updating start-up timing expectations for the project is expected to be provided by the Operator in February 2007.

### 2.5.2 Bass Basin

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

Endurance testing and 72 hours capacity testing at 67 TJ/d was completed successfully on 18 October 2006. Sales gas, condensate and LPG are being produced daily to required specifications and sold to customers.

Production for November and December was capped at around 55 TJ/d pending investigation and rectification of operational constraints involving the plant amine and dehydration systems. Once these issues have been fully investigated, modifications to the plant will be implemented during a shutdown planned for the March Quarter of 2007.

## 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. The Designated Authority has granted renewal of the Petrel Retention Leases.

## 2.7 New Zealand

### 2.7.1 Offshore Taranaki Basin

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

As announced in October 2006 the Ensco 107 drilling rig for the Kupe Gas Project is expected to arrive in June 2007, delayed from the original planned date of March 2007. The delay, which is due to its work programme in Vietnam taking longer than planned, does not affect the critical path and the project remains on schedule for first gas in the first half of the 2009 calendar year.

The fabrication of the jacket in Thailand is nearing completion but the jacket will not be shipped until mid year to tie in with the arrival date of the drilling rig at Kupe which will be used to install the jacket. The fabrication of the topsides has also commenced and is scheduled to be completed in the September Quarter of 2007.

Orders of the pipeline and the umbilical have been placed and delivery is expected in late 2007 on schedule for installation in the summer 2007/2008 weather window.

The project was blessed by local Maori on 14 October 2006, and work on the onshore production station and on surrounding infrastructure has now begun. The site for drilling of the tunnels from near the production station under the cliffs and approximately 2 km out to sea for the pipeline and umbilical has also been prepared. Drilling is expected to commence in January 2007 and will take up to eight months.

A seismic survey (the Kupe Shallow Gas Survey) comprising 40 km of high resolution 2D seismic will be acquired over the central field area of the permit and over nearby prospects in January 2007.

## 3. EXPLORATION ACTIVITIES

### 3.1 South Australia

#### 3.1.1 Cooper/Eromanga Basin

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

Eight oil delineation wells were drilled during the Quarter.

The Nappacoongee-Murteree Horst shallow oil delineation campaign continued with the drilling of three oil near field exploration wells. Diptera 1 intersected the Coorikiana Sandstone primary target high to prognosis but did not encounter any oil shows. The Murta Formation and the McKinlay Member were also intersected

high to prognosis but wireline log interpretation indicated that these reservoirs were water wet. The well was subsequently plugged and abandoned.

Pasticcio 1, an oil near field exploration well, was drilled to test a separate structure along the western margin of the JALBU fields. Fair to good oil shows were encountered in the Murta Member and the McKinlay Member. Based on hydrocarbon shows and wireline logs evaluation, the well was cased and suspended as a future Jurassic oil producer.

Odonata 1, an oil near field exploration well, was located 0.6 km SE of Jena 1 and 0.9 km south of Jena 5. The primary target was the Coorikiana Sandstone. Fair to good oil shows were encountered in the target reservoir and a drill stem test recovered 13 barrels of oil. The well was cased and suspended as a future Coorikiana oil producer.

A further five oil appraisal wells were also drilled as part of the campaign. Biala 14, Biala 15, Jena 26, Jena 27 and Ulandi 15 were all cased and suspended as future Jurassic oil producers.

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

No significant activity during the Quarter.

### **3.1.2 Otway Basin**

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

An application for a Retention Lease over Killanoola 1 area was submitted to PIRSA on 5 December 2006.

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

No significant activity during the Quarter.

### **3.2 Queensland**

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

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

Two gas exploration wells were drilled during the Quarter.

Lepard 1, a gas wildcat exploration well located 10 km northwest of Winninia South 1, targeted oil in the Jurassic/Triassic (Hutton and Poolowanna) and gas in the Permian Toolachee and Patchawarra Formations. The well was drilled to a total measured depth of 2827m. Poor oil shows were encountered in the Birkhead Formation, with numerous poor to occasionally fair gas shows observed throughout the Toolachee, Epsilon and upper Patchawarra Formations. Wireline log evaluation indicated gas pay in both the Toolachee and Patchawarra Formations. The well was cased and suspended as a future Permian gas producer.

Teegal 1, a gas near field exploration well located 16 km northwest of Mooliampah West 1, targeted gas in the Permian Patchawarra Formation. The well was drilled to a total measured depth of 1945m. Fair to good oil and gas shows were encountered in the Toolachee, Epsilon and Patchawarra Formations. Wireline logs

indicated that all the zones were water wet. The well was subsequently plugged and abandoned.

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

Two oil delineation wells were drilled during the Quarter.

Yanda 19 reached a total measured depth of 1927 m. The primary target, the Murta Member, had fair to good oil shows. No shows were observed in the Hutton Sandstone secondary target. Based on shows and wireline log evaluation, the well was cased and suspended as a future Murta oil producer.

Yanda 25 reached a total measured depth of 1927 m. The primary target, the Murta Member, had fair to good oil shows. Based on these shows and wireline log evaluation, the well was cased and suspended as a future Murta oil producer.

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

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

A Showgrounds Sandstone oil opportunity, Mahogany 1, has been identified and is scheduled for drilling in February 2007.

#### **ATP 470P Redcap, Rolston and Formosa Downs (Interest 90.0% (Operator) in ATP 470P Redcap; 100% (Operator) in ATP 470P Rolston; and 49.5% (Operator) in ATP 470P Formosa Downs)**

Emu Apple 1, which was drilled during June 2006, was cased and suspended as a new oil pool discovery. It is planned to conduct an extended production test during the March Quarter of 2007 to determine the size of the resource prior to a Petroleum Lease application and to determine the requirement for further seismic and/or drilling on the structure.

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

No significant activity during the Quarter.

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

Production testing of two wells drilled in late 2005 is planned for the March Quarter of 2007.

#### **ATP 610P \* (Interest 29.375%)**

Following the five wells drilled on the Bellevue field in the previous Quarter, work on facilities for the Bellevue Pilot has continued and initial production testing has commenced in the reporting period.

#### **ATP 620P \* (Interest 40.625%)**

Laboratory testing of Codie 1A cores was undertaken during the Quarter.

#### **ATP 648P \* (Interest 31.25%)**

The production well, Kenya East 2, was drilled during the Quarter.

**ATP 631P \* (Interest 18.0865%)**

No significant activity during the Quarter.

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

No significant activity during the Quarter.

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

Drilling lease preparation for the cored Gilbert Gully 1 hole was completed during the Quarter for drilling early in 2007.

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

Production testing of the Walloon CSG potential in the Talinga extended pilot area continued. Two additional wells were drilled in the Talinga pilot and these wells are awaiting connection.

A third well was drilled as part of the production test pilot at Orana (PLA 215 area) with production testing commencing during the Quarter.

Three further production wells, one in PL 226 and two in ATP 692P, were drilled, tested and suspended in the Quarter to establish coal thickness and permeability in the Talinga/Orana area.

Drilling lease preparation for three cored slimholes, one in PL 226 and two in ATP 692P, was completed during the Quarter for drilling early in 2007.

Planning and landholder negotiations were well advanced at the end of the Quarter for the Orana seismic program. The acquisition of 120 km of 2D seismic in PL 226 and ATP 692P (extending into the neighbouring PL 179 (Argyle) and PL 229 (Argyle East)) is scheduled for early 2007.

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

Laboratory testing of the core samples from Yuwandi 1 and Goonalah 1 was completed and results reviewed in order to plan upcoming relinquishments and renewal applications for the tenure. Condabri 1, a cored slimhole, was sited using the Condabri seismic for drilling in early 2007.

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

Planning for the Alton West 2D seismic survey is nearing completion with the 90 km survey expected to be acquired during the March Quarter of 2007.

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

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

No significant activity during the Quarter.

**ATP 337P (Mahalo) \* (Interest 30%)**

No significant activity during the Quarter.

**ATP 526P \* (Interest 23.93%)**  
No significant activity during the Quarter.

**ATP 553P (Interest 50%)**  
No significant activity during the Quarter.

**ATP 584P \* (Interest 29.29825%)**  
No significant activity during the Quarter.

**ATP 592P \* (Interest 94.505% (Operator))**  
No significant activity during the Quarter.

**ATP 653P \* (Interest 23.85%)**  
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. Grant of the title remains subject to a native title agreement.

**PEP 160 (Interest 20%)**

The Glenaire 1 gas exploration well, which commenced drilling in the previous Quarter at a location approximately 33 km northeast of Mt Gambier and 24 km southeast of the Katnook Gas Plant, was plugged back and sidetracked after experiencing severe borehole deviation. Glenaire 1ST1 reached 3701 m measured depth. Based on hydrocarbon shows and wireline log evaluation, a 4½ inch liner was run. The well was cased and suspended for future cased hole testing.

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

A review of permit prospectivity continued.

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

Geophysical studies of the Halladale and Black Watch gas fields continued during the Quarter.

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

Existing seismic data (approximately 200 km) of various vintages, which were recently reprocessed, will be interpreted to assess prospectivity of the permit.

### 3.4 Tasmania

#### 3.4.1 Otway Basin

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

Interpretation of the Aragorn 3D seismic survey in T/30P and adjoining T/34P was undertaken during the Quarter.

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

Interpretation of the Aragorn 3D seismic survey in T/34P and adjoining T/30P was undertaken during the Quarter.

#### 3.4.2 Bass Basin

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

Interpretation of the Shearwater 3D and 2D seismic survey acquired over the Trefoil discovery and surrounding exploration leads was undertaken during the Quarter.

Reservoir engineering studies were undertaken to assess the potential development of the Trefoil discovery.

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

A renewal application is under consideration by the Designated Authority.

### 3.5 Western Australia

#### 3.5.1 Perth Basin

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

Planning for the Beharra Springs 4 gas appraisal well (targeting the Wagina Formation) was completed. Subject to necessary approvals and the availability of a suitable drilling rig, the well is expected to be drilled during the June Quarter of 2007.

Work continued during the Quarter to investigate options to access the Beharra Springs Deep prospect, a High Cliff Sandstone gas exploration play, below the present producing horizon in the Beharra Springs field. Subject to necessary approvals and the availability of a suitable drilling rig, the well is expected to be drilled during the June Quarter of 2007.

Interpretation and integration of the Russ 2D seismic survey data (acquired in April 2006) was completed. Preparation of an interpretation report is expected to be completed during the March Quarter of 2007.

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

In EP 413, planning for the Permit Year 1 commitment exploration well was completed. Reprocessing of six 2D seismic lines in the vicinity of the Stockyard and Freshwater Point prospects was undertaken and based on the results of this data it was agreed that the Freshwater Point 1 well would be drilled as the commitment well. Subject to necessary approvals and the availability of a suitable drilling rig,

this well is expected to be drilled during the first half of 2007.

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

In December 2006, the Lyginia 1 oil exploration well was drilled in L1 approximately 3 km south of the Eremia Field. The well intersected the top of the targeted Dongara Sandstone 12 metres deeper than prognosed. Logs recorded whilst drilling and the absence of significant shows during drilling confirmed the Dongara Sandstone in Lyginia 1 does not contain hydrocarbons. The well was plugged and abandoned.

Technical work was completed on the Drakea 1 gas exploration well. A review of this work was ongoing at the end of the Quarter and a final decision on participation in the project is expected to be made during January 2007. Subject to necessary approvals it is expected that the well will be drilled during the March Quarter of 2007.

#### **EP 368 (Interest 15%)**

Interpretation and mapping of the 147 km Springy Creek 2D seismic survey data has been completed. Preparation of a final interpretation report commenced during the Quarter.

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

A technical review of this permit was completed during the Quarter. Based on this review the Joint Venture parties are considering whether to continue in the permit or relinquish.

### **3.6 New Zealand**

#### **3.6.1 Onshore Taranaki Basin**

##### **PEP 38729 (Interest 25%)**

Processing of a recently acquired transition zone survey totaling approximately 33 km was undertaken during the Quarter.

#### **3.6.2 Offshore Taranaki Basin**

##### **PEP 38485 (Interest 33.33%)**

Interpretation of the Kora 3D Seismic Survey and the Moana 2D Seismic Survey which were recorded in late 2005/early 2006 was undertaken during the Quarter.

#### **3.6.3 Offshore Northland Basin**

##### **PEP 38618 (Interest 50% (Operator))**

Seismic reprocessing of existing data was completed during the Quarter. Acquisition of further seismic data (approximately 1200 km in the Akira 2D Survey) is programmed to commence in January 2007.



#### **PEP 38619 (Interest 50% (Operator))**

Seismic reprocessing of existing data was completed during the Quarter. Acquisition of further seismic data (approximately 400 sq km in the Nimitz 3D Survey and 1910 km in the Pantheon 2D Survey) is programmed to commence in January 2007.

#### **3.6.4 Offshore Canterbury Basin**

##### **PEP 38262 (Interest 100% (Operator))**

Interpretation of the 2006 acquired Carrack Survey data and associated reprocessed data of existing seismic lines was commenced. Planning for the upcoming Caravel Survey to be acquired during the March Quarter of 2007 was completed.

##### **PEP 38264 (Interest 100% (Operator))**

Origin was awarded PEP 38264 effective 8 November 2006. Reprocessing of the existing seismic data within the permit has commenced. Planning for the upcoming Wherry Survey to be acquired during the March Quarter of 2007 was completed.

### **3.7 Kenya**

#### **3.7.1 Offshore Lamu Basin**

##### **L8 and L9 Blocks (Interest 75.0% (Operator))**

Origin has entered into a farmin agreement with Pancontinental Oil and Gas NL and Afrex Limited (a 100% owned subsidiary of Pancontinental) whereby it has been assigned a 75% initial interest in each of the Production Sharing Contracts (PSCs) for the L8 and L9 Blocks in return for funding a US\$4 million seismic program across the two blocks, and subject to it exercising drilling options, the funding of an exploration well in each block. In the event that Origin does not exercise the drilling option, the interest in the relevant block will revert to Pancontinental and Afrex.

The approval of the Kenyan Government to variations to the PSCs, which was a condition precedent to the farmin agreement, was received on 28 September 2006.

The 2006 Lamu 2D Survey commenced on 23 December 2006 and is anticipated to be completed during January 2007. Approximately 3200 km of 2D seismic data will be acquired during the survey.

#### 4. EXPLORATION AND DEVELOPMENT EXPENDITURE

| <u>E &amp; D Expenditure</u> | A\$'000  | This Quarter  | Previous Quarter | % Change  | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07    | YTD 2005/06    |
|------------------------------|----------|---------------|------------------|-----------|---------------------------------|----------------|----------------|
| Exploration/<br>Appraisal    |          | 15,749        | 5,506            | 186       | 20,828                          | 21,255         | 33,036         |
| Development/<br>Plant        |          | 82,835        | 64,491           | 28        | 55,499                          | 147,326        | 215,282        |
| <b>Total</b>                 |          | <b>98,584</b> | <b>69,997</b>    | <b>41</b> | <b>76,327</b>                   | <b>168,581</b> | <b>248,318</b> |
|                              | NZ\$'000 | This Quarter  | Previous Quarter | % Change  | 2 <sup>nd</sup> Quarter 2005/06 | YTD 2006/07    | YTD 2005/06    |
| Exploration/<br>Appraisal    |          | 1,505         | 335              | 349       | 74                              | 1,840          | 168            |
| Development/<br>Plant        |          | 15,644        | 14,333           | 9         | 5,038                           | 29,978         | 8,426          |
| <b>Total</b>                 |          | <b>17,149</b> | <b>14,668</b>    | <b>17</b> | <b>5,112</b>                    | <b>31,818</b>  | <b>8,594</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.