

Kupe set for fast-track development after Origin takes 50% and Mitsui 4%

23 February 2004 - Sydney-based Origin Energy has signed an agreement with state-owned energy company Genesis Power Ltd to acquire a 50% interest in the Kupe gas and oil field offshore south Taranaki and become operator of the PML 38146 mining licence.

Genesis Power has sold down its 81% Kupe equity to 31% for \$33 million in cash. It has also concluded an agreement to contract Origin's share of sales gas from the field.

Origin Energy will become operator of the field, which lies 30km from shore at a water depth of about 30m.

Meanwhile Japan-based company Mitsui E&P New Zealand Ltd has become a Kupe partner by buying a 4% stake in the field from New Zealand Oil & Gas Ltd for NZ\$9.2 million.

In announcing the Kupe sell-down, Genesis chief executive Murray Jackson and Origin's executive general manager, oil and gas production, John Piper said they were pleased with the agreement which would enable the Kupe project to be fast-tracked. Origin will immediately commence final development planning, including obtaining government and environmental approvals.

The Kupe field contains proved and probable (2P) reserves of over 230 PJ of sales gas plus considerable condensate and LPG, with additional reserves potential within the licence area.

The final development is expected to be on line by mid 2007, and will likely produce around 20 PJ per annum of sales gas and the order of 1.5 million barrels of liquid hydrocarbons (condensate and LPG).

Mr Jackson said Genesis had undertaken a rigorous process to ensure that it introduced a joint venture partner with significant upstream capability and experience with respect to gas field development and gas processing.

He said the development of Kupe would provide the gas to allow Genesis to build a new 385MW high efficiency combined cycle gas turbine alongside the Huntly Power Station.

Genesis is a major generator and retailer of gas and electricity with total assets valued at \$1.2 billion and total revenue of \$1.4 billion for the year to 30 June 2003.

Origin Energy is an integrated producer, generator and retailer of gas and electricity in Australia, with a market capitalisation of over A\$3 billion. Origin operates the offshore Yolla gas field development, in Bass Strait, Australia, a field of similar size with many similar characteristics to Kupe.

Origin Energy has a project team in place that could be readily utilised for the development of Kupe.

Mr Piper said: "This investment is consistent with Origin's long term strategy of seeking oil and gas exploration and development opportunities close to established markets".

Origin has significant exploration interests in New Zealand and its Kupe interest will be acquired through Origin Energy Resources New Zealand Ltd. Origin is also the major distributor of LPG in the country through Rockgas — a joint venture with Caltex.

NZOG said the purchase by Mitsui of a 4% Kupe interest would leave NZOG with an equity of 15% in the field. The sale contained a provision, subject to certain conditions, for a repurchase of 2.5%. NZOG, was Kupe operator at the time the field was discovered in 1986.

NZOG exploration manager Eric Matthews said the proceeds from selling to Mitsui would help NZOG fund its share of the Kupe development.