

Origin to invest \$53 million for Spring Gully CSG expansion



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Origin Energy Limited will invest \$53 million to expand coal seam gas (CSG) production from the Spring Gully CSG field by a further 20 TJ per day as well as the construction of a reverse osmosis water treatment plant.

The reverse osmosis water treatment plant is being built to assist in managing the water that is produced as part of the process of recovering CSG. Origin's Chief Operating Officer, Karen Moses, said the decision to proceed follows a successful six month trial in which high quality water has been produced.

She said this latest investment is in addition to the \$114 million expansion of Spring Gully announced last July and takes Origin's total investment in Queensland to over \$2 billion since 2000. "This investment is further evidence of the key role that CSG is playing in meeting Queensland energy needs", Moses said.

"CSG already supplies the majority of Queensland's gas requirements and has the potential to fuel gas fired power generation with much lower greenhouse gas emissions than today's coal fired power plants.

"The Spring Gully field is already supplying major industrial customers such as Queensland Alumina Ltd in Gladstone, and through a gas swap agreement is supplying significant gas into New South Wales.

"Further expansion of the field will service new contracts with Incitec Pivot commencing in the second half of this year and will provide additional supply and flexibility for Origin's own requirements."

Moses said Origin is also assessing the feasibility of building base load gas-fired power generation in Queensland. "Should a power station development be approved in the coming

months we would expect to announce further investment in CSG production facilities to gradually build our delivery capacity to service this major investment in energy infrastructure for Queensland", she said.

"Origin has spearheaded the development of the CSG industry in Queensland through its extensive acreage position, large and expanding reserves base and its substantial production operations. At 30 June 2006 Origin held proved and probable (2P) CSG reserves in central Queensland to 1,378 PJ."

Moses said recent announcements of reserves increases by the operators of other fields in which Origin has interests (Fairview, Bellevue, Argyle and Kenya) are likely to result in substantial additions to this position following Origin's annual review of reserves at 30 June 2007. ■