



To	Company Announcements Office	Facsimile	1300 300 021
Company	Australian Stock Exchange Limited	Date	29 June 2006
From	Bill Hundy	Pages	8
Subject	Kupe Gas Project gets green light to proceed		

Please find attached an announcement regarding the Kupe Gas project.

Regards

A handwritten signature in black ink, appearing to read "Bill Hundy", with a flourish at the end.

Bill Hundy
Company Secretary

02 8345 5467 - bill.hundy@originenergy.com.au

ASX / Media Release

Thursday, 29 June 2006

Kupe Gas Project gets green light to proceed

The Joint Venture parties in the Kupe Gas Project in New Zealand today announced that the project will proceed to construction following a final investment commitment made by the Joint Venture.

Origin Energy Resources (Kupe) Ltd ("Origin") as Operator of the Kupe Gas Project, said the final development was expected to be on-line by mid-2009 and will produce around 20 PJ per annum of sales gas - approximately 15% of New Zealand's current annual demand. The project will also produce LPG commencing at 90,000 tonnes per annum and condensate commencing at 1.7 million barrels per annum, declining over the life of the field.

"A tremendous amount of technical, design, consultation and assessment work has been undertaken to get the project to this point. We are delighted now to see the fruition of this work in a decision by the Joint Venturers to proceed," said Origin Managing Director and CEO, Grant King.

That work has included:

- design of a new onshore production station to process gas from offshore;
- extensive community consultation resulting in the obtaining of resource consents for the project;
- project reserves being increased by around 15% to 389 petajoules equivalent (PJe);
- an Alliance project delivery strategy; and
- a renegotiated gas supply contract to accommodate the higher capital costs resulting from the booming oil & gas construction market.

"The high level of associated liquids production means that the project also stands to benefit if the significant increase in oil prices, seen over the last two years to around US\$70 per barrel today, is sustained into the future," Mr King said.

In announcing the project's approval, Origin confirmed an increase in the overall cost of the development to an estimated NZ\$980 million, including appropriate project contingencies.

"We announced in October 2005 that estimated project costs were higher than originally anticipated, as a result of higher commodity prices and the unprecedented level of activity in the oil and gas market around the world. These trends have continued," said Mr King.

"However, the renegotiated gas supply agreement, coupled with higher expected condensate and LPG prices and increased reserves announced last year, have

assisted in offsetting project cost increases and have provided the Joint Venture with the confidence to proceed.”

“We’ve also taken a progressive approach to the construction management of the project through an Alliance contracting arrangement with the major contractor, Technip. Having one owner/contractor Alliance team managing all the major activities other than drilling will lead to more effective and efficient execution of the project,” Mr King said.

Speaking on behalf of the major customer for Kupe gas, Genesis Energy Chief Executive Murray Jackson said, “The decision to develop Kupe assures Genesis Energy of long term gas supplies for our new e3p power generation project. Both Kupe and e3p are critical assets which will help underpin New Zealand’s energy future and stripping out LPG will preserve New Zealand’s ability to meet the bottled gas market.”

The Kupe Gas Project will comprise:

- An unmanned offshore platform at the Kupe Field supporting up to six wellheads;
- A new onshore production station;
- A shore crossing, bored under the coastline cliffs, connecting the offshore pipelines from the platform to the production station; and
- A network of onshore pipelines.

Construction is expected to commence in Taranaki in September 2006.

Commenting on the Kupe Gas Project Joint Venture parties’ decision to commit to the project, Deputy Prime Minister, the Hon. Dr Michael Cullen said, “Oil and gas have a vital role to play in the future energy mix of New Zealand. The development of the Kupe Gas Project now sees it become an important part of that mix. The importance of gas and projects such as Kupe are recognised by both central and local government,” he said.

Mayor of the South Taranaki District Council, Mary Bourke welcomed the decision. “Today’s decision demonstrates great confidence in the Taranaki oil and gas industry and solidifies Taranaki’s reputation as New Zealand’s Energy Region.”

A media conference will be held today at 12.30pm at *Parliament House* in the theatre, Wellington, New Zealand.

Present will be Deputy Prime Minister, the Hon. Dr Michael Cullen; Origin Energy Managing Director and CEO Grant King; Origin Energy Executive General Manager, Major Development Projects, Andrew Stock; Kupe Gas Project Director Peter Ashford; Genesis Energy CEO Murray Jackson; Managing Director of New Zealand Oil & Gas, Gordon Ward; and from Mitsui E&P New Zealand General Manager Yasuchika Maruyama; as well as other representatives from each of the Joint Venture companies.

Participants in the Kupe Joint Venture are:

Origin Energy through:

- Origin Energy Resources (Kupe) Ltd
- Kupe Mining (No 1) Ltd

Operator 32.1875%
17.8125%

Genesis Energy through:



- Kupe Holdings Limited	20%
- GP No 2 Ltd	11%
New Zealand Oil & Gas Limited through:	
- National Petroleum Limited, Nephrite Enterprises Limited and Petroleum Equities Limited	15%
Mitsui E&P New Zealand Limited	4%

ENDS

For further information please contact:

Media:

Tony Wood
General Manager, Public & Government Affairs
Origin Energy
Tel: +61 3 9652 5506
Mobile: +61 419 642 098
Email: tony.wood@originenergy.com.au

Investors:

Angus Guthrie
Manager Investor Relations
Origin Energy
Tel: +61 2 8345 5558
Mobile: +61 417 864 255
Email: angus.guthrie@originenergy.com.au

About Origin Energy: With a history dating back 140 years, Origin Energy is a major Australian integrated energy company focused on gas and oil exploration and production, energy retailing, power generation and utility network management. Origin seeks to find, develop and produce gas and oil reserves strategically located close to energy markets and existing infrastructure. Its exploration portfolio in New Zealand includes acreage in the Taranaki, Northland and Canterbury Basins. Origin's interest and operatorship of the Kupe Field is an example of the company's efforts to secure and develop new producing assets in the region.

June 2006

Kupe Gas Project: background information

The Kupe Gas Project will extract gas and light oil from the Kupe field and transfer these products by sub-sea and underground pipeline to an onshore production station.

The field is situated in PML 38146 in the Taranaki Basin, 30 kilometres offshore from the south coast of the Taranaki Peninsula, located on the west-central coast of North Island, New Zealand.

The Kupe field was discovered by New Zealand Oil & Gas Limited (NZOG) in 1986 but has remained uneconomic to develop because of the abundant cheap gas flowing from the Maui field, New Zealand's primary source of gas for the past 25 years. However, with the redetermination of the Maui gas reserves and the rapid increase in domestic gas demand to power electricity generation, the development of the Kupe field is now both economical and important in meeting New Zealand's energy needs.

The Kupe Gas Project will introduce a new and alternative supply of gas, and will contribute to New Zealand's supply for between 15 and 20 years. It will provide the New Zealand gas supply network with 253.5 PJ of natural gas, as well as producing liquefied petroleum gas (LPG) and almost 15 million barrels of light oil (condensate).

The Kupe field was discovered in the Kupe South-1 well, which has the same structural trend as the Kapuni Field. Reserves of oil and gas are reservoirised in Paleocene Farewell Formation.

Seven exploration and appraisal wells have been drilled since discovery and the scope for recovery volumes for the Kupe field has been estimated as containing P50 reserves of:

Product	Estimated Recovery	PJ
Sales gas	253.5 PJ	253.5
LPG	1,061,900 tonnes	52.5
Condensate	14.7 million barrels	82
Total (PJ)		389

Whilst raw gas recovery has not changed since reserves were upgraded in April 2005, the production design has been optimised to enable greater LPG recovery and higher fuel gas production, which results in slightly less sales gas energy equivalent. The principle driver of the design changes has been to improve sales product revenues from the field.

The Kupe development is planned to be on-line by mid-2009 and is expected to produce approximately 20 PJ per annum of sales gas. Condensate and LPG will also be produced, the production figures of which are expected to commence at approximately 1.7 million barrels per annum and 90,000 tonnes per annum respectively, declining over the life of the field.

The Kupe Gas Project is illustrated in Figure 1 (overleaf) and includes:

- an unmanned offshore platform supporting up to six production wells;
- a subsea pipeline to bring unprocessed gas and liquids to shore;
- a series of subsea utility lines to carry chemicals and a power and fibre optic cable to the platform (utility lines);
- a Horizontal Directional Drilled (HDD) shore crossing through which the raw gas pipeline and the utility lines pass;
- a processing plant (production station) located at the southern end of Inaha Road;
- a sales gas pipeline from the production station to the Kapuni Gas Treatment Plant, where sales gas will be injected into the existing NGC transmission network;
- truck loading facilities at the production station and storage tank facility at New Plymouth for condensate export;
- storage of LPG at the production station and truck loading facilities for LPG export to retail customers;
- a dedicated high voltage power supply providing the production station and wellhead platform with reliable power from the Hawera 110/33kV grid exit point.

The Kupe Gas Project is important to Taranaki and New Zealand, as it will:

- improve the security of gas supply in New Zealand, through developing a new source of gas;
- create local jobs and contracting opportunities during the construction period and the term of the project;
- potentially attract regional development and investment opportunities to the Taranaki region;
- increase the reputation of Taranaki as New Zealand's Energy Region - currently the Taranaki Basin is the country's only hydrocarbon producing area and many downstream industries are based on the processing, distribution, use and export of hydrocarbons.

Participants are:

Origin Energy through:

- | | |
|--------------------------------------|-------------------|
| - Origin Energy Resources (Kupe) Ltd | Operator 32.1875% |
| - Kupe Mining (No 1) Ltd | 17.8125% |

Genesis Energy through:

- | | |
|-------------------------|-----|
| - Kupe Holdings Limited | 20% |
| - GP No 2 Ltd | 11% |

New Zealand Oil & Gas Limited through:

- National Petroleum Limited, Nephrite Enterprises Limited



- and Petroleum Equities Limited 15%
Mitsui E&P New Zealand Limited 4%

For further information please contact:

Media:

Tony Wood
General Manager, Public & Government Affairs
Origin Energy
Tel: +61 3 9652 5506
Mobile: +61 419 642 098
Email: tony.wood@originenergy.com.au

Investors:

Angus Guthrie
Manager Investor Relations
Origin Energy
Tel: +61 2 8345 5558
Mobile: +61 417 864 255
Email: angus.guthrie@originenergy.com.au

About Origin Energy: With a history dating back 140 years, Origin Energy is a major Australian integrated energy company focused on gas and oil exploration and production, energy retailing, power generation and utility network management. Origin seeks to find, develop and produce gas and oil reserves strategically located close to energy markets and existing infrastructure. Its exploration portfolio in New Zealand includes acreage in the Taranaki, Northland and Canterbury Basins. Origin's interest and operatorship of the Kupe Field is an example of the company's efforts to secure and develop new producing assets in the region.

Figure 1: Kupe Development Schematic

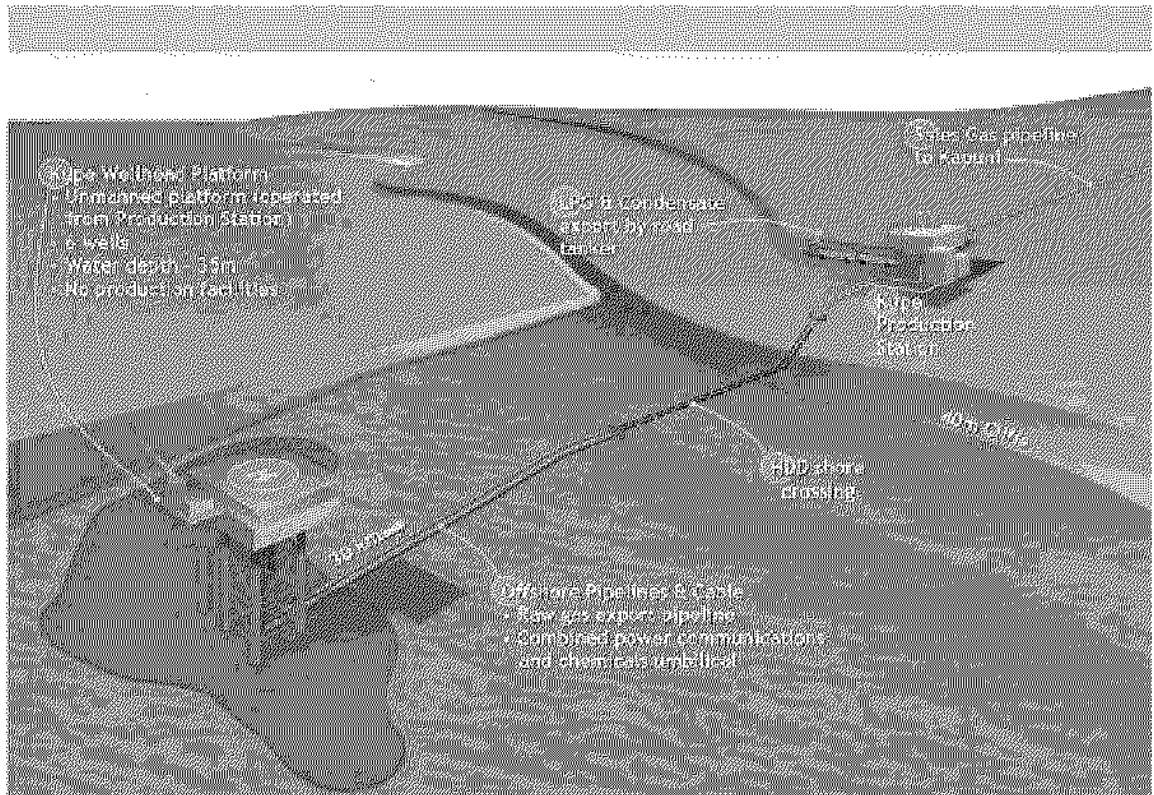


Figure 2: Kupe Gas project area

