



ASX Announcement

July 18, 2005

Update on the BassGas Project Reserve Upgrade and Commissioning Delays

Origin Energy Limited, as operator of the BassGas Project, has released an update on the project.

Origin's release is attached.

Yours Faithfully

**Bruce Phillips
Managing Director**

ASX Release

18 July 2005

BassGas Project Status Update: Commissioning Delays and Reserves Upgrade

Commissioning Delays

In late April, Origin Energy Limited as Operator on behalf of the BassGas project participants advised on progress towards meeting the Ready For Start-Up (RFSU) milestone for the project. It was noted that a number of defects, and potential defects, had been identified with respect to key systems in the project facilities, and that rectification work, mostly at the onshore plant, was likely to be the key determinant of when the project would meet the RFSU milestone. At that time it was estimated that this point would be reached in July 2005, following which commissioning of the plant would commence.

As a result of further acceptance testing programs, review of facilities and scrutiny of facilities documentation by the BassGas Joint Venture, it is apparent that significant additional rectification work and facilities documentation is required at both the onshore plant and offshore platform.

As the offshore platform is designed to be not-normally-manned the management of logistics and daily movement of personnel to the platform is constraining the speed and effectiveness with which work including additional rectification work can be completed.

The Operator has confirmed its intention to contract a semi-submersible accommodation vessel capable of being positioned adjacent to the Yolla A platform in order to allow for the expedient completion of works required on the platform. This vessel, the Safe Concordia, is designed for North Sea conditions and has recently been used to accommodate workers during activities on the Bayu-Undan field in the Timor Sea. The vessel is expected to be on site in August, with the necessary critical path items for the recommencement of production expected to be completed during September. It is also envisaged that having the accommodation vessel alongside the Yolla A platform will facilitate an improvement in availability during the initial production ramp up phase.

In accordance with their contractual entitlements the BassGas Joint Venture participants accessed the remaining balance of \$12.3 million of the second bank guarantee from Clough Limited in mid June 2005. As has been previously advised, the BassGas Joint Venturers are in an arbitration process with Clough Limited in relation to the BassGas Project.

Work is also continuing at the onshore facilities. The Operator anticipates that gas will be introduced into the onshore plant to commence commissioning activities during September. A substantial portion of the commissioning of

equipment will be completed using sales gas from the Victorian grid prior to the introduction of liquids rich gas from the offshore platform. It is also anticipated that additional equipment installed to deal with impurities in the gas stream will be commissioned during this time, removing the requirement for a shutdown during the first few months of production. The installation of this equipment has not contributed to delays in the overall completion of the facilities.

Subject to the availability of resources, the Operator believes that by securing the Safe Concordia and completing a detailed rectification program the Lang Lang plant commissioning will commence in September, with commissioning of the integrated BassGas project commencing in October 2005. Thereafter, full production is likely to be achieved prior to the end of the calendar year.

Reserves Upgrade

Following the completion of the development drilling program the Operator has completed a detailed review of the reserves associated with the field. The drilling of Yolla 3 & 4 confirmed several accumulations not encountered or booked by the initial exploration and appraisal drilling. Technical information gathered across all reservoirs and subsequent production modelling also led to revision of the average liquids content of the field. This has resulted in a substantial upgrade to the Proved and Probable (2P) reserves carried for the field as tabled below:

Product	June 2005	June 2004	Increase	% change
Sales Gas (PJ)	324	256	+ 68	+26%
Oil (MMBBL)	0.8	0.0	+0.8	n/a
Condensate (MMBBL)	14.0	13.7	+0.3	+2%
LPG (Ktonnes)	972	1012	-40	-4%
Total (PJE)	454	382	72	+19%
Total (MMBOE)	79	66	+13	+19%

Origin, as Operator of the BassGas project, has taken a prudent position in booking these additional reserves. It is possible that the 2P reserves will increase as further technical work is completed.

In the adjacent exploration permit, T/18P, liquids rich gas was discovered in the Trefoil field, 25 km to the west of the Yolla field. Further delineation work and engineering design is required on the field before an estimate of recoverable reserves can be made. To assist in this process the T/18P Joint Venture has agreed to shoot a 3D seismic survey over the field commencing in the fourth quarter of calendar year 2005.

BassGas Project participants are:

Origin Energy Resources Limited*	32.5% (Operator)
Origin Energy Northwest Limited*	5.0%
AWE Petroleum Pty Ltd**	30.0%
CalEnergy Gas (Australia) Limited	20.0%
Wandoo Petroleum Pty Ltd	12.5%

T/18P participants are:

Origin Energy Resources Limited* (Operator)	41.4%
AWE Petroleum Pty Ltd**	22.6%
CalEnergy Gas (Australia) Limited	23.5%
Wandoo Petroleum Pty Ltd	12.5%

*a wholly owned subsidiary of Origin Energy Limited

**a wholly owned subsidiary of Australian Worldwide Exploration Limited

For further information contact:

Angus Guthrie
Manager, Investor Relations
Origin Energy
Telephone: (02) 8345 5558
Mobile: 0417 864 255

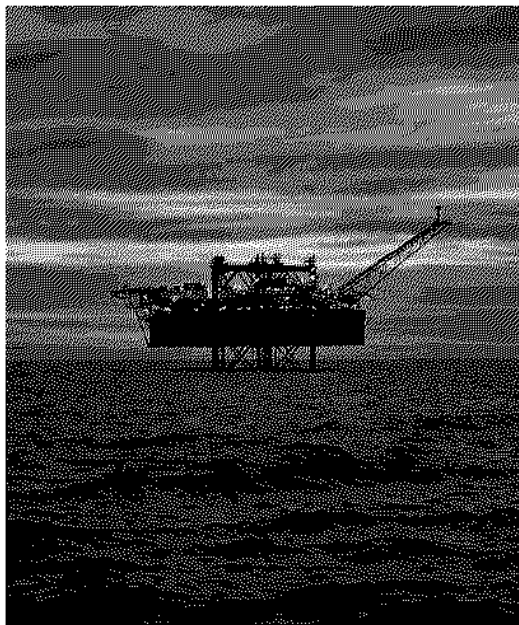
About Origin Energy: With a history dating back 140 years, Origin Energy is a major Australian integrated energy company focused on gas and oil exploration and production, energy retailing, power generation and utility network management.



BassGas Project Update
(July 2005)

Grant King - Managing Director, Origin Energy

First gas production from the offshore platform was achieved earlier this year...



- Drilling of Yolla wells completed in September 2004
- Critical initial instrumentation testing completed in January
- First gas delivered into pipeline 29th January 2005
- Rectification and completion of works progress has been slow due to factors including
 - Not normally manned platform
 - High level of activity

... but significant defects have been identified that require rectification

For ongoing platform rectification work an offshore accommodation vessel is to be contracted ...

- BassGas platform designed to be “not normally manned”
- Work crews helicoptered to the platform in daylight hours but restricted by weather windows
- Risks associated with daily flying
- Platform access, transport capability and crew levels affect the rate of rectification progress

... to improve platform access and to expedite completion of rectification works and platform commissioning

The Safe Concordia is intended to be positioned adjacent to the Yolla A platform ...

- The 'Safe Concordia' is a semi-submersible accommodation support vessel (ASV)
 - dynamically positioned
 - designed for North Sea conditions
 - provides on site accommodation, workshop, stores & logistics
 - expected on site in August 2005
- Targets accelerated rectification works with improved labour availability, platform access and logistical support
- Also provides commissioning benefits with increased operator availability during production ramp up



... providing an acceleration of rectification works and project commissioning

The onshore plant has been constructed but rectification, testing and documentation continues...



Key elements of remaining work include

- rectification of defects
- instrumentation and loop testing
- Documentation review, revision
- Additional documentation as identified
- Training of personnel

...with the safe start-up of the plant the single highest priority

Revised Project schedule ...

July - August	Ongoing pre-commissioning and rectification works
Late August	Arrival of offshore accommodation vessel Safe Concordia
September	RFSU expected for onshore plant. Commissioning scheduled to commence using grid connected gas.
October	Re-Commission production from offshore platform
November - December	Ramp up to full production

... subject to the availability of suitable resources

Hydrocarbon Reserves:

2P reserves in Yolla have significantly increased following the drilling of the Yolla development wells...

Product	Jun-05	Jun-04	Increase	% change
Sales Gas (PJ)	324	256	68	26.4%
Oil (MMBBL)	0.8	0	0.82	n/a
Condensate (MMBBL)	14.0	13.7	0.3	2.4%
LPG (Ktonnes)	972	1012	-41	-4.0%
Total - PJE	454	382	72	18.9%
Total - MMBOE	79	66	13	18.9%

....with additional modest upside possible as further technical work is completed



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