

Herald Sun

SE Business
HD **Betting on Browse**
BY John Dagge
WC 433 words
PD 3 June 2014
SN Herald-Sun
SC HERSUN
ED HeraldSun
PG 23
LA English
CY © 2014 News Limited. All rights reserved.
LP

ENERGY ORIGIN **Energy** will tap investors for \$1 **billion** to help fund its next growth phase after securing a **stake** in Western Australia's gas-rich Browse Basin.

The **energy** producer and retailer will shell out \$US800 **million** (\$864.3 **million**) to buy a 40 per cent **stake** in the Poseidon gas field held by junior explorer Karoon Gas.

TD

Other Poseidon partners are US **energy** giant ConocoPhillips and **Chinese oil** giant PetroChina. Both have pre-emptive rights to Karoon's **stake**, meaning they could move to buy it ahead of Origin.

That is seen as unlikely and Origin managing director Grant King said a final investment decision was expected in 2017 with construction work well underway by 2020.

Shares in the Melbourne-based Karoon — which had been facing funding difficulties — surged more than 40 per cent yesterday. Mr King said the deal — the first for Origin in the Browse Basin — would give the **company** a **stake** in one of Australia's largest recent offshore gas discoveries that is ready for development.

He also said it would form part of the **company**'s next wave of growth projects, with its \$24 **billion** Australia Pacific liquefied natural gas project (APLNG) in Queensland due to begin production next year.

APLNG is expected to generate around \$1 **billion** a year in additional cash. "It is important that we act now to invest in Origin's continued development and growth through the latter part of this decade," Mr King said.

Poseidon is estimated to contain 3.25 trillion cubic feet of gas with the potential for further finds.

Mr King said processing the gas at sea by using so called floating LNG technology loomed as the most feasible way to develop the project.

Poseidon is estimated to cost anywhere from \$6 **billion** to \$12 **billion** to develop.

Mr King said an **equity** raising would be launched after Origin's full-year results on August 21.

Origin will pay Karoon \$US600 **million** upfront, with another \$US200 **million** in various payments due on the final investment decision and first gas production.

Analysts said Origin had paid a premium to enter the joint venture. Last year PetroChina paid \$US370 **million** for its 20 per cent **stake**.

Deutsche Bank analyst John Hirjee said investors were still waiting to see the finer points of the deal but noted it marked new ground for Origin. "It's definitely a strategic shift for them and we need to assess that," he said.

Origin shares closed 3.6 per cent lower at \$14.55.john.dagge@news.com.au

CO karoon : Karoon Gas Australia Ltd | philp : ConocoPhillips | boral : Origin Energy Ltd

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i16 : Electricity/Gas Utilities | i162 : Gas Utilities | iexplo :
Natural Gas/Oil Exploration | iutil : Utilities

NS ccat : Corporate/Industrial News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB News Ltd.

AN Document HERSUN0020140602ea6300054