

**SE** Asia Pacific  
**HD** **Karooon Gas sells Browse Basin stakes**

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**LP**

Origin **Energy** takes 40% **stake** in two blocks for \$800 **million**

After a year of negotiations with several companies, Australian explorer Karoon Gas has agreed to sell its 40% stakes in two highly prospective offshore gas blocks to Origin **Energy** for up to \$800 **million**.

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Origin has agreed to buy Karoon's stakes in ConocoPhillips-operated permits WA-315-P, and WA-398-P in the gas-rich Browse Basin, offshore northwestern Australia.

Karoon said Monday that it expects the deal to be completed during the third quarter of this year.

WA-315-P is home to the 2009 Poseidon gas find which could contain up to 15 Tcf gas, while WA-398-P contains the August 2013 Proteus gas find that is still being evaluated.

Operator ConocoPhillips has a 40% share in both blocks. The other partner is state-owned PetroChina which bought its 20% stakes in February 2013.

The two companies retain preemption rights "for a limited period" on Karoon's 40% interest, Origin said.

Under the terms of the deal announced Monday, Origin will pay Karoon \$600 **million** in cash for its 40% share of the two permits, plus \$75 **million** when a final investment decision is reached on commercialization and \$75 **million** on first production. A further payment of up to \$50 **million** will be payable on first production, if proven and probable reserves "at the time of FID reach certain thresholds," Origin said in a statement.

Karoon added that Origin will pay \$5 **million** for every 100 Bcf equivalent of independently certified 2P reserves exceeding 3.25 Tcf equivalent across the two permits at the time of FID, up to a maximum \$50 **million**.

"In addition, Origin will be responsible for all costs associated with the current Pharos-1 exploration well located in permit WA-398-P," Karoon said.

Pharos-1, the sixth and final well in the partners' six-well drilling campaign, is designed to target an extension of the Proteus discovery. It lies 9 km northeast of Proteus-1.

Strategic fit

"The **acquisition** complements recent [Origin] farm-ins in South Australia's Cooper Basin and the Northern Territory's Beetaloo Basin, thereby increasing Origin's exposure to growing demand for natural gas both in Australia and overseas," Origin Managing Director Grant King said in a statement.

In a separate investor presentation Monday, King said the **acquisition** "allows Origin to establish a strategic position in one of Australia's largest recent offshore gas discoveries at a competitive entry price when compared to recent Browse/Bonaparte transactions."

Karoon said the deal should allow the **company** to pursue its **oil** appraisal and exploration programs in Brazil's Santos Basin, Australia's Carnarvon Basin and Peru's Tumbes Basin.

The independent explorer said the deal with Origin reduced a "large scale LNG development capex overhang; and allows the Board to consider possible strategic capital management initiatives."

"Origin will participate in the ongoing exploration and appraisal program—including the Pharos well which is currently being drilled by the joint venture...Options to monetize the Poseidon field resources may include transporting natural gas to LNG production facilities in Darwin or through a standalone floating LNG facility," Origin said.

The two permits lie in the Browse Basin, an area some 450 km offshore northwestern Australia, which already hosts significant known gas reserves.

Browse Basin projects being developed for LNG exports include Prelude, Browse and Ichthys. Two of those—Browse and Prelude—have already been lined up for an FLNG option.

Origin is also a partner with ConocoPhillips in the Australia Pacific LNG joint venture. The two companies hold stakes of 37.5% each in the A\$24.7 **billion** project, which is currently under construction in Queensland, northeastern Australia.

The other partner in the two-train 9 **million** mt/year coalseam gas-to-LNG export project is **China's** Sinopec with a 25% share. APLNG is due to load its first cargo in mid-2015

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

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