

Origin and Contact acquire Swift Energy's NZ interests

8 February 2008 - Australian-based Origin Energy and its 51% owned New Zealand subsidiary Contact Energy have bought most of Swift Energy's New Zealand oil and gas assets for approximately NZ\$115 million.

Origin Energy managing director Grant King said the purchase of the assets including the TAWN and Rimu fields would deliver greater operational synergies with Origin's Kupe field now under development.

Contact will contribute approximately NZ\$54 million to the total purchase price for the right to own and develop the Ahuroa field (part of the TAWN fields) as an underground gas storage facility and purchase the remaining gas and LPG reserves in the Ahuroa reservoir.

Gas produced from the TAWN fields and all LPG is contracted to Contact.

The Swift Energy assets being acquired include: the Tariki, Ahuroa, Waihapa and Ngaere (TAWN) fields; the Waihapa production station; the Rimu, Kauri and Manutahi fields; the Rimu production station; and separate oil and gas pipelines from Waihapa production station to New Plymouth.

Other assets which Origin has acquired from Swift include 50% of two offshore exploration permits PEP 38495 and PEP 381201 south of the Kupe and Rimu — Kauri fields and an inventory of equipment and supplies.

Contact chief executive David Baldwin said the Ahuroa gas storage facility will enable Contact to use its gas-fired power stations as and when required, mitigating the financial consequences of not using natural gas under 'take or pay' contracts. The facility is expected to be fully operational by mid 2010.

Swift Energy will still continue to have an interest in New Zealand through royalty agreements and options for permit working interests which it has negotiated with Origin.

Origin said that in certain parts of one field, Swift Energy will have an option to take-up a 30% working interest within 10 years.

In some fields Swift Energy will earn a 10% over-riding royalty interest once a production volume threshold is exceeded. In other fields Swift Energy will earn a 10% overriding royalty plus an option to convert this to a 30% working interest within 10 years.

Origin Energy said it will be taking over the Swift Energy New Zealand office space leases in Wellington and New Plymouth and will be extending offers of employment to the current New Zealand staff.

Sources: Origin Energy, Contact Energy and Swift Energy