

Kupe project construction completed and commissioning begins

3 November 2009 - Construction has been completed for the Kupe gas condensate project's onshore production station in south Taranaki and commissioning of the system is now beginning using pipeline gas.

The first raw gas from the offshore field will be introduced to the plant in the next few weeks effectively signalling the start of production from the Origin Energy-operated Kupe field. Final commissioning and ramp-up of production would follow.

However Origin Energy said that the expected gross capital cost of the Kupe project will be approximately NZ \$1,330 million, around 10% higher than previously advised.

New Zealand Oil & Gas chief executive David Salisbury, whose company is a partner in Kupe, said that while the cost rise was disappointing, expected revenues from the liquids rich project have also increased since the project was approved. This would offset the higher costs of the project.

He said the development cost needed to be seen in the context of a field with revenues of several billion dollars.

Kupe will provide a solid income stream for the next 15 years, Mr Salibury said.

Once online the Kupe gas project will produce 20 PJ of sales gas per annum and provide up to 90,000 tonnes of LPG and 1.7 million barrels of condensate per annum.

Origin said construction of the two light crude storage tanks and truck receiving facilities at the Omata Tank farm and the associated export pipeline and ship export facilities at Port Taranaki are also essentially complete.

These facilities are now being commissioned ready to receive product once trucking of light crude from the production station commences.

Sources: Origin Energy, NZOG and Lindsay Clark

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