



14 October 2005

Mr John Feil
Executive Director
National Competition Council
Level 9, 128 Exhibition Street
Melbourne VIC 3000

Dear John

Application for coverage of Dawson Valley Pipeline ("DVP")

I refer to your letter dated 30 September 2005.

As part of a process for the sale of Origin Energy's Moura interests (including the DVP), offers were received from Molopo Australia Limited ("Molopo") and its bid partner Helm Energy Australia, LLC ("Helm") on 11 Feb 2005 and Anglo Coal (Moura) Limited ("Anglo") on 10 March 2005.

However, Origin Energy was only prepared to sell its Moura interests on a "all or none" basis, which resulted in complex negotiations on the potential sale. These were ongoing and no agreement was executed with Anglo and subsequently Mitsui Moura Investment Pty Ltd ("Mitsui") until 7 September 2005. The duration of time between February and September 2005 is testament to the uncertainty surrounding any sale of the Moura interests, including the DVP.

On 6 May 2005 Oil Company of Australia (Moura) Transmissions Pty Limited ("OCAT") lodged its response to the application for coverage of the DVP. At that time no agreement to sell the Moura interests had been concluded and therefore OCAT's submission was made on the basis that Origin Energy would retain the Moura interests, including the DVP.

On 8 July 2005 Sam Drummond of the NCC advised that the NCC had released its draft recommendation on the application for coverage of the DVP. On 8 August 2005 the NCC released its final recommendation on the application for coverage of the DVP.

On 7 September 2005 OCAT entered into Sale and Purchase Agreements with Anglo and Mitsui for the sale of all of its Moura interests, including the DVP. Shortly thereafter, Origin Energy contacted the NCC to advise of the sale. Settlement of the sale under these Sale and Purchase Agreements is subject to a number of conditions precedent that must be met, including securing the required ministerial approvals. Until these are met and settlement occurs, OCAT retains ownership of the DVP. At this time we expect the sale and purchase to be finalised by the end of the year.

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Given that the sale process is not yet complete, and while there remains a possibility that the sale will not proceed to settlement, OCAT's views on the application for coverage of the DVP as set out in its submission of 6 May 2005 have not changed.

I respond to your specific questions as follows:

1. OCAT and Oil Company of Australia (Moura) Pty Limited ("OCAM") are parties to Sale and Purchase Agreements dated 7 September 2005 with Anglo and Mitsui for the sale of all of OCAT's and OCAM's Moura interests, including OCAT's interests in the DVP.

Sale of certain of OCAM's interests are subject to pre-emptive rights in favour of Lowell Petroleum NL a subsidiary of Molopo ("Lowell") and Helm which are open for exercise within a discrete period of time. This period is due to expire on 13 October 2005.

Settlement of the sale and purchase under each Sale and Purchase Agreement is subject to a number of conditions precedent that must be met. Once the pre-emption period has lapsed, the parties will progress satisfaction of the conditions precedent.

2. Some of the conditions precedent relate to the securing of the necessary ministerial approvals to the transfer of the DVP. As discussed above, once the pre-emption period lapses, the parties will seek the necessary approvals.
3. As outlined above, there are pre-emptive rights applicable to certain interests being sold, but there are no pre-emptive rights applicable to the sale of the DVP.

Molopo advised us on 11 October 2005 that it had decided not to exercise its pre-emptive rights over the relevant interests. Helm has not notified OCAM of its intentions and their pre-emptive rights are due to lapse on 13 October 2005.

4. Molopo, through its subsidiary Lowell, and Helm had pre-emptive rights over the sale of certain of OCAM's interests, but had no pre-emptive rights over the sale of the DVP.

Please contact Bruce White on (07) 3858 0687 if you have any queries regarding this letter.

Yours sincerely



Paul Zealand
General Manager
Oil & Gas Production