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## Seismic to commence in Kenya Project

On 28 September, 2006, the Government of Kenya executed Deeds of Variation pertaining to Production Sharing Contracts (PSC's) for Blocks L8 and L9, located in the Lamu Basin, offshore Kenya.

These deeds formalise changes in future work program obligations for the First Additional Period and Second Additional Period of these PSC's. The execution of these documents were a condition precedent to a farmin agreement entered into between Pancontinental Oil & Gas NL, Afrex Ltd and Origin Energy Kenya Ltd (Origin), on 23 December 2005, subsequently amended on 3 July 2006.

As a result of the execution of these documents Origin now holds a 75% participating in these PSC's and an obligation to fully fund the acquisition of 2D seismic in each block in their respective First Additional Period ending 21 October 2007 at a combined cost of not less than US\$4 million. If Origin elects to enter the Second Additional Period of either PSC, it must fully fund the drilling of an exploration well to a depth of at least 3000m before the end of the first year (commencing 22 October, 2007) of the Second Additional Period for Block L8 and before the end of the second year (commencing 22 October, 2008) of the Second Additional Period of Block L9.

If Origin elects not to proceed to drill a well in either or both blocks by giving notice to Pancontinental/Afrex to that effect before 14 July 2007 (or later date as may be agreed), it will surrender its interest in either or both blocks accordingly.

Origin also advises that it is in advanced negotiation with Seabird Exploration FZ LLC, based in Dubai, to secure the seismic vessel Northern Explorer to conduct its 2D seismic farmin program subject to completion of an acquisition contract satisfactory to all parties, and all environmental and regulatory approvals. Acquisition is scheduled to commence in December 2006.

### For further information contact:

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