

Kahili onshore Taranaki gas field plant to come on stream by mid-2004

20 February 2004 - Austral Pacific Energy New Zealand Ltd (formerly Indo-Pacific Energy Ltd.) and the Kahili joint venture partners have made an agreement with NGC Holdings Ltd for the sale of gas from the Kahili gas-condensate field in permit PEP 38736 onshore Taranaki.

Construction of the separation plant and pipeline facilities is scheduled to start in February 2004 once planning consents have been obtained, with Kahili gas expected on stream by mid 2004.

The field currently has one production well, which is expected to produce approximately 5 petajoules (PJ) of gas. Kahili operator Austral Pacific's partners are Tap (New Zealand) Pty Ltd, Millenium Oil and Gas Ltd and International Resource Management (Malaysia) Inc.

NGC will buy all gas produced for the lifetime of the field, for which initial reserve estimates are in the 4 billion cubic feet (or 5 petajoules) range. Kahili was discovered in November 2002.

The field will be produced initially from the Kahili-1A/B well; which is expected to commence flow at 3-4 million cubic foot of gas and 120-150 barrels of condensate (light oil) a day.

Austral Pacific CEO Dr Dave Bennett said the reserve estimates are likely to change either up or down after pressure tests following some months of production. At that time, consideration will also be given to drilling a second well and/or 'fracking' Kahili-1A/B, to enhance production and revenues.

NGC said it will spend approximately \$8 million to construct, own and operate a separation plant to process the raw well stream and install 12 km of pipelines to connect Kahili gas to the existing NGC pipeline infrastructure, including the Kapuni gas treatment plant.

NGC chief executive Phil James said that NGC continues to seek opportunities to facilitate the availability of new sources of gas.