

Award of new permits set to stimulate NZ oil and gas exploration

5 February 2004 - The Associate Minister of Energy, Harry Duynhoven, today announced the award of 13 exploration permits involving over \$130 million in new investment in the Taranaki region.

"The new exploration permits are a significant part of a broader strategy aimed at stimulating exploration and investment in oil and gas in New Zealand," Mr Duynhoven said.

The issue of the permits follows a competitive bidding process for offshore and onshore blocks in Taranaki. A total of 23 bids were received for the blocks on offer.

The permits have been awarded to a combination of new and local companies ranging from "junior" explorers to multinational producing companies.

"The new companies, which include Pogo Producing Company out of the United States and ROC Oil from Australia, all have a proven track record of drilling exploration wells," said Mr Duynhoven.

Mr Duynhoven said that he was particularly encouraged that there were a number of aggressive bids with commitments to drilling wells as early as the first year of the permit.

However, he added that the bidding process needed to be seen in the context of the depletion of Maui gas reserves.

"Domestically sourced natural gas remains an important and economically attractive component of New Zealand's overall energy needs," Mr Duynhoven said.

"For this to remain the case, a significant increase in exploration activity is required if new discoveries are to replace existing production."

"Despite having a highly ranked regulatory regime and steadily increasing gas prices, we need to continually look for new opportunities to promote New Zealand as an exploration destination," he said.

"Crown Minerals advisers are currently developing a range of options designed to further increase exploration activity and in turn help address concerns over the decline of the Maui field and to meet the increasing demand for electricity."

Mr Duynhoven said that the award of the new permits gave the ideal impetus to the 2004 New Zealand Petroleum Conference to be held in Auckland early next month.

"Over 400 delegates, including many from overseas, will be attending the three day conference to discuss exploration opportunities and developments. Top of the agenda will be talk about the urgent need to find replacement reserves for the Maui field."

The successful bids and the permits awarded are:

Block A PEP 38485
OMV New Zealand Limited
Origin Energy Resources NZ Limited
Todd Petroleum Mining Co. Ltd

Block B PEP 38486
Todd Petroleum Mining Co. Ltd

Block C PEP 38487
Todd Petroleum Mining Co. Ltd

Block E PEP 38488
Pogo Producing Company

Block G PEP 38489
Pogo Producing Company

Block I PEP 38490
Pogo Producing Company

Block J PEP 38762
Greymouth Petroleum Ltd

Block K PEP 38763
Discovery Geo (Australia) Corp.
CSR New Zealand Exploration, LLC

Block L PEP 38764
Discovery Geo (Australia) Corp.
CSR New Zealand Exploration, LLC

Block M PEP 38765
Tap (New Zealand) Pty Limited
Austral Pacific Energy (NZ) Limited
Magellan Petroleum (NZ) Limited
Durum Energy (NZ) Limited

Block N PEP 38766
Tap (New Zealand) Pty Limited
Austral Pacific Energy (NZ) Limited
Magellan Petroleum (NZ) Limited

Block O PEP 38767
ROC Oil Company Limited
Westech Energy New Zealand
Bridge Petroleum Limited

Block Q PEP 38768
Petroleum Resources Limited
Austral Pacific Energy (NZ) Limited

See link to blocks map below.

FACT SHEET for 2003 Taranaki Offshore and Onshore Petroleum Exploration Permit Bidding Round

1. 17 blocks were offered in the bidding round (nine offshore and eight onshore).
2. The nine offshore blocks were in an area extending from Cape Egmont to west of Kawhia Harbour in water depths up to 200m.
3. The eight onshore blocks are all north of a line extending east-west through Mount Taranaki.
4. 23 bids were received for the blocks on offer.
5. Bids were received for 13 blocks and 13 permits have been awarded (6 offshore and 7 onshore).
6. A total of 18 companies made bids for the blocks on offer including four companies new to New Zealand.
7. The 13 permits represent a total area of 8995 sqkm (or the equivalent of 2.5 times the area of the onshore Taranaki bight).
8. The blocks were offered with a minimum requirement to drill a well within 48 months.
9. Each permit has a minimum of one exploration well and it is possible that more than one well will be drilled in some permits in the five year term.

10. In two of the permits the successful bidders have committed to drill wells as early as 12 months after the grant of the permit and a further four permits have been awarded with an undertaking to drill a well within 24 months of the grant of the permit.
11. The total value of the work bid by the successful applicants up to and including the drilling of an exploration well is \$133 million.

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