

Petroleum mining permit granted for the development of the Cheal and Cardiff accumulations

1 August 2006 - Austral Pacific and joint venture partners have been granted a 30.3 sq-km mining permit for the development of the Cheal oil and Cardiff gas/condensate accumulations.

On the 26th of July 2006 Crown Minerals granted petroleum mining permit (PMP) 38156 covering the Cheal oil and Cardiff gas/condensate accumulations south of the township of Stratford in the onshore Taranaki Basin. This permit was been granted following good results from exploration and appraisal activities in petroleum exploration permit (PEP) 38738.

The reserves booked to the permit are significant, with gas reserves totalling 40.07 Bcf and oil/condensate reserves totalling 5.94 mmbbls.

It is stated in mining permit documents that (P50) recoverable reserves for the Cheal oil field total 4.4 mmbbls and 5.87 Bcf. Of this total, 1.4 mmbbls and 1.87 Bcf are reservoired in the (Late Miocene) Urenui Formation and the balance, 3.0 mmbbls and 4.0 Bcf, are reservoired in the (Miocene) Mount Messenger Formation. To date four wells have been drilled targeting the Cheal oil accumulation, with Cheal-A3X and Cheal-A4 being the most recent. During long term production testing conducted in 2005 more than 85,000 bbls of oil were produced with an average (calculated) daily output of 233 bopd during the 2005 calendar year. The PMP 38156 operator (through wholly owned subsidiaries), Wellington based Austral Pacific Energy, has indicated that two further development wells, Cheal-B1 and Cheal-B2, will be drilled before the end of 2006.

Reserves estimates for the Cardiff gas/condensate accumulation only pertain to hydrocarbons reservoired in the (Late Eocene) McKee Formation and are based on a volumetric methodology utilising parameters derived from both the Cardiff-1 and Cardiff-2A wells. No reserves have been estimated for other Kapuni Group reservoirs in the Cardiff structure. Probabilistic reserve estimates for the McKee interval are 34.2 Bcf and 1.54 mmbbls of condensate.

In June 2006 a large 3D seismic data acquisition, the Brecon 3D, was completed over both fields totalling approximately 75 sq-km. Data acquired from this survey will be used to optimise field developments for both the Cheal and Cardiff fields. The remainder of petroleum exploration permit (PEP) 38738, an area covering 59.63 sq-km, continues to be held for further exploration under existing joint venture arrangements.

This is the second petroleum mining permit granted to date this year and further serves to underline the prospectivity of the onshore Taranaki Basin.