

Shell investing to make most of Maui's late field life

30 August 2009 - Production from the Maui gas field may end in five to 10 years, Rob Jager country chair of Shell New Zealand said in an interview following the official end of the 30-year Maui gas sales contract.

Mr Jager, who is also general manager of Maui field operator Shell Todd Oil Services, said the length of production would depend on the success or otherwise of current and planned initiatives to unlock various as yet untapped reserves.

"In the meantime we remain committed to making the most of late field life opportunities for Maui," he said.

The Maui partners are currently carrying out a \$60 million maintenance programme on the Maui B part of the field. This will include drilling three sidetracks off declining wells into other pockets of gas.

He said a similar maintenance programme may be carried out at Maui A.

The Maui partners are also looking further a field taking out an exploration permit along the south eastern border of the Maui field.

Mr Jager said the Ruru prospect (in PEP 381203) was a separate opportunity to Maui beyond the Cape Egmont fault.

The Maui Gas Contract was between the Maui partners (Shell now holds a substantial 83% interest in the Maui Mining Permit with OMV 10% and Todd 6%), the Government and the ultimate users (recently Contact Energy, Vector and Methanex).

The contract was to have expired in June 2009 or when the users took the last of a tranche of cheaper 'legacy' gas. The latter ultimately came first, with the last legacy gas delivered on 21 May 2009.

All remaining Maui gas can now be sold at market prices.

Maui in 2008 produced 30% of New Zealand's natural gas, down from previous years production of 70% or more. The Pohokura field has taken over as the largest gas field supplying 40% of the country's gas.

Maui's remaining reserves at 1 January 2009 are listed in the Ministry of Economic Development's latest statistics as 274 Bcf of gas. The original field reserves were 3,635 bcf.

Sources: Shell New Zealand and Lindsay Clark

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