

Questions and answers

What are petroleum reserves?

Reserves are those quantities of petroleum anticipated to be commercially recoverable. Reserves are further categorised in accordance with the level of certainty associated with the estimates, and may be sub-classified based on project maturity and/or characterised by development and production status.

What are the Government's objectives regarding the reporting and publication of petroleum reserves?

- Ensuring a reasonable degree of consistency in estimation methodologies between fields and companies;
- Improving the accuracy and precision of reported reserves;
- Widening the spectrum of reported reserves so that all stakeholders have a view of both the upside and downside potential at existing fields and can manage their risk accordingly.

What are the principal concerns with the current reporting regime?

- There is a perceived lack of confidence in the accuracy, precision and consistency of reserve information currently reported by industry and published by government.
- The quality and quantity of petroleum reserve data is not sufficient to allow government to independently verify and validate reserves estimates. This in turn negatively impacts the government's ability to optimally manage the Crown's petroleum estate.
- Neither the government nor industry stakeholders have any visibility of the upside potential at existing fields. Confusion arises where prominent market participants express views on future gas supplies which are far more bullish than what is supported by published reserve data.

How do I make a submission?

The government is inviting feedback on the proposals set out in the options paper. This will help the government make decisions on how to progress its petroleum action plan, including the review of the Crown Minerals Act and broader regulatory settings around petroleum being undertaken concurrently.

Submissions should be made by 5.00pm, Friday 10 September 2010 by email to petroleumreserves@med.govt.nz or by post. Details on how to make a submission are provided at the front of the options paper.