

10 August 2015

Andrew Knight  
Chief Executive Officer  
New Zealand Oil & Gas Limited  
Level 20, 125 The Terrace  
WELLINGTON, 6143

Dear Andrew,

## **LETTER OF EXPECTATION**

We write to you as the Southern Community Panel (SCP) to outline the nature of the relationship with New Zealand Oil & Gas (NZOG) and the expected engagement protocols between us for the coming year ending 31 January 2016.

In respect of this, the SCP has established a governance and decision-making framework which includes a Southern Community Panel Charter. A copy of the charter, adopted by the Panel at its meeting of 10 July 2015.

Given that it is NZOG that is seeking to build a relationship through the establishment of the SCP, we expect that NZOG will:

1. Positively and meaningfully engage with the SCP.
2. Provide the necessary financial and human resources for the establishment and operation of the SCP.
3. Act in a manner that is entirely consistent with NZOG's Community Engagement Policy.
4. In particular, NZOG will:
  - (a) have open, transparent and honest engagement with us underpinned by a no surprises policy for the SCP;
  - (b) have community engagement at the heart of its considerations regarding the impacts of its activities in our community;
  - (c) have appropriate resources available to discuss the impacts of its activities on our community and maximise the value it provides to our community;
  - (d) provide full, clear and understandable information to us;
  - (e) listen to our concerns and seek to discover and deliver a solution; and
  - (f) seek to understand issues from the perspective of each community member, especially where that perspective is unfamiliar to NZOG;
5. Provide the SCP with information in relation to its activities in our community;
6. Have a free and frank exchange of views with us regarding the impact and benefits of its activities within our community allowing the SCP to work through the concerns of its respective communities in relation to NZOG's activities ;

## **Financial Contributions**

In respect of NZOG's direct financial contribution to the SCP, NZOG will set aside sufficient funds, subject to its normal budget, auditing and financial management processes, to undertake the following activities (as required and agreed to by the SCP and NZOG):

1. Independent legal or other advice the SCP may seek regarding its establishment;
2. Profile Building / Web Site (linked to NZOGL and other community websites as agreed upon);
3. Annual operating and administrative costs of the SCP (e.g. venue hire, reasonable meeting expenses of panel members, etc.);
4. Projects identified by the SCP and NZOG

The total amount of these contributions will be up to \$110,000 plus GST in the first year of operation.

In reference to 4, projects will be assessed using the following principles:

- The project will have a demonstrable and tangible benefit to the community, consistent with the criteria to be established by the SCP;
- Any conflicts of interest for Southern Community Panel members will be managed in accordance with the SCP charter;
- Due consideration will be given to conflicts with NZOG interests as part of the assessment criteria;
- Appropriate recognition will be given to the SCP and NZOG; and
- The project will be undertaken in line with the values as outlined in the SCP charter and the expectations expressed in this letter.

Additional financial resources for projects may be applied for, subject to NZOG's normal budgeted and unbudgeted spend processes.

## **Work Programme**

The Community Panel is currently preparing a work programme that will be agreed with NZOG in due course.

We look forward to our engagement with New Zealand Oil & Gas over the coming year.

Yours sincerely



Bridget Irving

Convenor

Southern Community Panel