

27 February 2017



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

Dear Andrew,

LETTER OF EXPECTATION 2016-17

We write to you as the Southern Community Panel (SCP) to outline our expected relationship with New Zealand Oil & Gas and the expected engagement protocols between us for the coming year ending 30 June 2017.

This letter builds on our first Letter of Expectation, and subsequent Report Card, for the 2015-16 period. It also follows the engagement protocols outlined in our Southern Community Panel Charter.

We understand New Zealand Oil & Gas has established the SCP as a vehicle for two-way relationship building: for the company to better understand local views and values, and for the Panel as representatives of the local community to help inform New Zealand Oil & Gas's community investment.

In achieving this, we expect that New Zealand Oil & Gas will:

1. Positively and meaningfully engage with the Southern Community Panel

We expect New Zealand Oil & Gas to act in a manner that is entirely consistent with the company's Community Engagement Policy. We expect New Zealand Oil & Gas to:

- have open, transparent and honest engagement with us, underpinned by a no-surprises policy;
- put community engagement at the heart of its considerations regarding the impacts of its activities in our community;
- make full, clear and understandable information available to us so we can assess the impacts of activities on our community;
- listen to our concerns and seek to discover and deliver a solution;

- seek to understand issues from the perspective of each community member, especially where that perspective is unfamiliar to New Zealand Oil & Gas;
- 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 New Zealand Oil & Gas's activities;
- demonstrate how our feedback has been taken in to account; and
- continue to report on this engagement in a Sustainability Report and on Panel and company websites to ensure open and transparent communication.

2. Provide timely updates on key activities

We expect to be kept informed in a timely manner about key events or activities relating to company activities, and issues relating to the wider industry. This will enable us to continually improve our understanding of the issues and thereby better reflect community concerns and views back to the company.

3. Appropriately resource the Southern Community Panel

We expect the company to continue to provide the necessary financial and human resources for the continued operation of the SCP. This includes secretariat services and meeting rooms. It also includes replacing Panel members in a timely manner and maintaining a diversity of views from across the community.

In addition, we expect the company to continue to dedicate a community investment budget for the Panel to collaborate with the company on opportunities for community investment in the Southern region. It is our expectation that this budget will be \$50,000 plus GST for 2016-17.

With reference to community investment, it is our understanding we will collaborate with the company to identify projects consistent with the Community Panel investment principles and criteria agreed in 2015. Any conflicts of interest for Southern Community Panel members will be managed in accordance with the SCP charter. Due consideration will also be given to conflicts with New Zealand Oil & Gas interests as part of the assessment criteria.

4. Promote the SCP as appropriate relative to the level of activity undertaken by New Zealand Oil & Gas

We expect New Zealand Oil & Gas to take opportunities to promote the Panel as a vehicle for the voice of the Southern Community. We expect that this will be reasonably low key where there is low level of activity, and promotion to increase visibility and community awareness of the Panel will rise commensurate with a rise in exploration activities.

5. Look for opportunities to promote local content and capture local value where possible

We expect New Zealand Oil & Gas to advocate for local benefits where possible in its activities, where this is permitted within broader commercial and business strategy objectives. To this end we would like to work with the company to develop a policy and process to promote this approach with its business partners.

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

Yours sincerely

A handwritten signature in blue ink that reads "Bridget Irving". The signature is written in a cursive style with a large initial 'B'.

Bridget Irving
Convenor
Southern Community Panel