

# UPDATE

## NEW ZEALAND OIL & GAS • SOUTHERN COMMUNITY PANEL PANUI 02

### Update

A few things have changed since our last newsletter update.

Along with others in the industry, we have refocussed our business strategy to conserve cash in a market where oil prices are significantly lower than they were previously.

We are reducing our costs, trying to improve the performance of our existing assets, and investigating acquiring new assets. This means exploration activity has been scaled back to our contractual obligations.

- Oil prices are at 12 year lows, with supply currently outstripping demand. This is due to a range of geo-political factors including the US now being an exporter rather than importer, Iran returning to the market, slowing growth in China and political uncertainty around OPEC.
- New Zealand, and the Great South and Canterbury basins in particular, remain attractive and will likely continue to be the subject of interest, but investment in exploration is down considerably around

the world and the appetite for frontier basins where there is no current production is very slow.

- We have acquired a controlling interest in Australian-listed Cue Energy, which brings with it production from the Maari oil field off Taranaki, and the Sampang gas and oil field in Indonesia. We are looking at other opportunities to buy producing assets. Our attention is mostly in New Zealand and Indonesia and in gas production, which is less affected by the downturn in oil prices.
- Our engagement with the Southern and South Taranaki regions is continuing, and we are continuing to engage closely with our panels, interest groups and directly with iwi.
- In collaboration with the panels we have confirmed a contribution to the EECA Warm Homes NZ programme, delivered through community trusts in Otago, Southland and South Taranaki. We're also identifying environmental projects for our support.

### Iwi Marine Mammal Observer (MMO) Training

Along with others in the industry, New Zealand Oil & Gas, has provided funding for iwi participants to attend a week-long MMO Training course held in Wellington in December last year. We supported two of the 16 participants, who were from Ngai Tahu and Taranaki iwi.

The course represented a significant collaboration between iwi across the country and industry, facilitated by PEPANZ, the industry body. It was the first of its kind, and recognises the gains that can be made through mutual understanding, collaboration and sharing of knowledge. Graduates will take home a new internationally recognised skill set, as well as a greater understanding of the industry, and ultimately help improve the consultation, engagement and collaboration process.

### Community Panel Online

Our community panel email badge is ready to use

Our community panel website is looking great.

[www.southern.communitypanel.org.nz](http://www.southern.communitypanel.org.nz)



Let us know what you're thinking, visit [www.communitypanel.org.nz](http://www.communitypanel.org.nz)

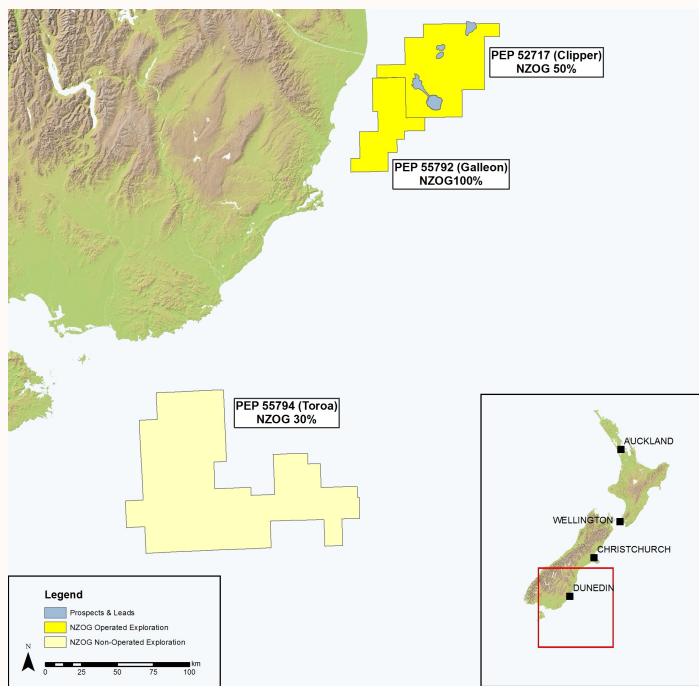
Or contact New Zealand Oil & Gas directly at [www.nzog.co.nz](http://www.nzog.co.nz)



## New Zealand Oil & Gas in the Southern region

### Galleon [PEP 55792] Further Evaluation [100% New Zealand Oil & Gas]

Analysis of the seismic data acquired in 2014 has thrown up some interesting new leads on this permit, particularly when viewed in combination with data gained from the Clipper permit. We continue discussions with others in the industry on the potential development of these permits. If interest is secured this may mean additional 3D seismic surveying across the permits.



### Clipper – Canterbury Basin [New Zealand Oil & Gas 50% (Operator), Beach 50%]

Data from the seismic survey undertaken in 2014/15 shows sub surface geology that is promising for either gas or gas condensate, also called light oil. The Barque prospect is New Zealand's largest announced hydrocarbon prospect, at an estimated prospective [unrisked] resource size equivalent to 530 million barrels of oil [265m net to New Zealand Oil & Gas.

Barque is about 60 kilometres east of Oamaru in around 800 metres of water.

Talks have advanced with international companies that have the scale and capability to develop the prospect, although the economic environment has made the market very cautious about new exploration in a frontier basin. In response, we are considering options to gather more data on the region, possibly in combination with the Galleon permit. An application has been made to the regulator to extend the permit terms.

### Toroa Permit - Great South Basin [NZ O&G 30%, Woodside 70%]

New Zealand Oil & Gas is a joint venture partner with Woodside in the Toroa permit southeast of Bluff. A seismic acoustic survey of the Toroa permit was completed in March 2015 and data is being analysed.

## More information & useful sites

### What's in the Region's oceans?

Discussion at the most recent Panel meeting identified the need for further information on 'what is in our Region's oceans'. The National Aquatic Biodiversity Information System [NABIS] is an excellent resource. The site maps information about New Zealand's marine environment, species distribution and fisheries management, which you can manipulate by layering from over 900 maps. <http://www.nabis.govt.nz/>

### Information on Marine Mammal Impact Assessments [MMIA]

DoC is the regulator for the Seismic Survey Code of Conduct. The Code provides effective, practical mitigation measures for minimising acoustic disturbance of marine mammals during seismic surveys.

Marine Mammal Impact Assessments are required to meet the Code. The site contains reports from past seismic surveys, the most recent completed in January 2016. <http://www.doc.govt.nz/our-work/seismic-surveys-code-of-conduct/>

### Other NZOG activities

More information on our North Island assets, exploration permits and interests overseas can be found on [nzog.com](http://nzog.com)

## Your feedback

We're keen to hear what you think about our business or the wider industry, and are happy to provide more information on any of our operations – just get in touch: Anna Ririnui, Community Engagement Manager, New Zealand Oil and Gas

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