

# New Zealand Oil & Gas Activities Report

## FINANCIAL PERFORMANCE

At quarter end the company had a cash balance of \$105.2 million, down from last quarter's balance of \$110.5 million. A foreign exchange loss of \$5.5 million offset a similar, \$5 million, gain in the prior quarter.

Operating cashflows were \$0.3 million higher than last quarter and \$2.5 million higher than the same quarter in the previous year. Revenue was up by \$0.4 million compared to the previous quarter, and down by \$1.1 million compared to the corresponding period a year ago. Kupe revenue was down due to the scheduled maintenance shut in during November, resulting in a loss of around one month's production. Revenue from Cue was up as a result of the timing of sales receipts.

Exploration costs of \$2.0 million in the quarter were up by \$1 million compared to the previous quarter due to exploration costs at Ironbark and Cue. A tax refund of \$0.5 million was received by Cue during the quarter. It related to the Sampang PSC and a successful tax court case in Indonesia. Another \$0.2 million is expected to be refunded.

PRODUCTION SUMMARY		Total field for quarter [gross]	Our share previous quarter [net]	Our share Dec 2019 [net]
FIELD				
Kupe Taranaki, New Zealand	Oil Barrels	144,000	9,620	5,760
	Gas Petajoules	3.99	0.27	0.16
	LPG Tonnes	17,460	1,160	699
	Production revenue NZD\$m		4.3	2.9
Maari* Taranaki New Zealand	Oil Barrels, Net		31,420	28,150
	Production revenue AUD\$m.		1.6	3.5
Sampang* Java, Indonesia	Oil Barrels		710	640
	Gas Petajoules		0.33	0.30
	Production revenue AUD\$m		3.6	3.3

## TARANAKI PRODUCTION

### Kupe oil and gas field [PML 38146]

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Production remained strong in the quarter and in-line with estimates of field performance. November's plant maintenance shutdown was completed on time and with excellent safety and environmental performance.

A final investment decision was announced during the quarter for a compression installation project at Kupe, which is expected to extend the production plateau and maximise recovery from the Kupe field.

The joint venture partners approved a project to carry out wellbore logging and potentially make additional perforations in existing production wells. The project will result in intermittent reduction to gas production between 3 and 29 February. If it is successful, the project is intended to deliver additional production in the period before the inlet compression project comes online in mid-2021. In the best case scenario the project could produce an additional 5

petajoules, depending on the number of wells perforated, which will be determined by results from wireline wellbore logging.

### Maari and Manaia oil field [PMP 38160]

5% Cue Energy\*

69% OMV New Zealand [Operator]

26% Horizon Oil International

Oil production from Maari and Manaia fields was lower than the previous quarter due to production disruptions while workovers were conducted on the MR4 and MN1 wells. Both wells had electric submersible pumps replaced and were back to full production by the end of the quarter.

On 18 November 2019, Jadestone Energy announced it has agreed with OMV to acquire OMV's 69% operated interest in the permit. Conditions for completion of the acquisition include acceptance of Jadestone as Operator by the joint venture partners, and government approvals prior to 15 November 2020.

\*New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.

## INDONESIA PRODUCTION

### Sampang PSC

15% Cue Energy

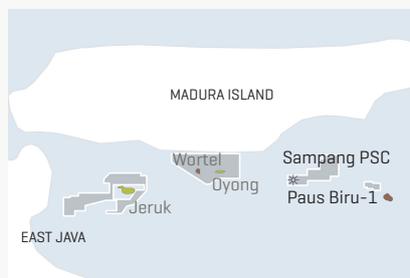
Operator: Ophir Indonesia (Sampang) Pty Ltd

Production from the Sampang PSC was slightly down from the previous quarter due to fluctuations in daily demand from the customer, Indonesia Power.

Final installation of upgraded compression at the Grati onshore gas processing plant is planned for late January 2020. Some interruption to production is expected during this period.

During the quarter, Cue was notified that it had been successful in an Indonesian Tax Court case against the Indonesian Tax

Department for over-payment of \$0.7 million in taxes relating to 2011, resulting in a refund of the full amount. \$0.5 million of this was paid to Cue in December, with the remaining amount expected to be paid during the current quarter.



## INDONESIA EXPLORATION

### Sampang PSC

15% Cue Energy

Operator: Ophir Indonesia (Sampang) Pty Ltd

Wortel East exploration well opportunity was reviewed by the Joint Venture during the quarter. Further review is being undertaken into the technical and commercial opportunity of this and other prospects in the PSC.

The operator is continuing to prepare the Paus Biru Plan of Development (POD) in line with Indonesian regulatory requirements. Reserves certification is the current key activity being undertaken, which is expected to be completed during the current quarter. Concept design and Pre Feed studies are expected to be complete by mid 2020 with POD approval targeted for the third quarter of 2020.

### Mahakam Hilir PSC

100% Cue Energy\* (Operator)

The Mahakam Hilir PSC contains the Naga Utara prospect and the Naga Utara-4 appraisal well opportunity.

Cue is proceeding with planning to drill the Naga Utara-4 well and is currently seeking partners to participate in the Mahakam Hilir PSC and the well.

The exploration period of the PSC is currently due to expire in May 2020.

### Mahato PSC

12.5% Cue Energy\*

Texcal Mahato EP Ltd (Operator)

The PB-1 exploration well commenced on 19 November, targeting the Early Miocene Bekasap sands, with a secondary target the overlying Telisa sands. As announced on 10 December 2019, the PB-1 well was drilled to total depth and cased.

Cue was issued a default notice by the operator, Texcal Mahato EP Ltd, referencing a deficient cash call which was not settled by Cue. Cue stopped receiving full information from the operator around the time of this notice. On 17 December 2019, Cue announced that the cash call, which is not material and was the subject of the default noticed referred to in the ASX announcement of 10 December, had been paid.

The operator, and other Joint Venture participants, are claiming to have excluded Cue from participation in recent operations, based on the issued default notice and claimed decisions made around the time. These claims are disputed by Cue as having no basis under the Joint Operating Agreement (JOA). Discussions between Cue and Texcal are ongoing in an attempt to solve these issues. Cue is evaluating all available options and is asserting all its legal rights under the JOA. As announced on 10 January 2020, Cue was informed by the operator that the PB-2 well was drilled. The Company is awaiting further information on the status of the current operations from the operator and will update the market accordingly.



## AUSTRALIA

**WA-359-P**

15% New Zealand Oil &amp; Gas

21.5% Cue Energy\*

42.5% BP Developments Australia Pty Ltd (Operator)

21% Beach Energy

Planning for the execution of Ironbark-1 is progressing with the well scheduled to be drilled in late 2020 using the Ocean Apex drill rig. During the quarter the Environment Plan for the well was submitted to NOPSEMA and released for public comment, which was completed on 11 Jan 2020.

**WA-409-P**

20% Cue Energy\*

80% BP Developments Australia Pty Ltd (Operator)

Reprocessing of seismic data over the Ironbark prospect in WA-409-P has been initiated by the operator.

New Zealand Oil & Gas is in the process of finalising an agreement with Cue to extend its option over WA-409-P, in line with the variation, suspension and extension granted in October 2019. Cue is also finalising a similar extension with Beach Energy.

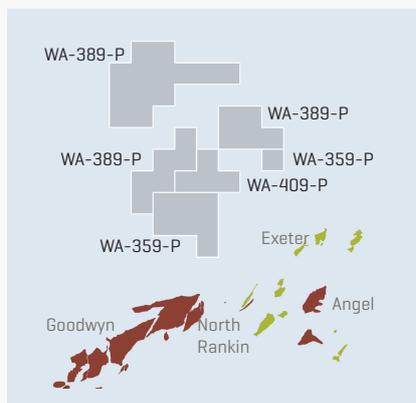
**WA-389-P**

100% Cue Energy\* (Operator)

Reprocessing of 900 square kilometres of existing seismic data has been initiated over the southern portion of the permit and surrounding areas. It is intended to further delineate the Deep Mungaroo structure, which is on trend with the horst block, immediately east and down dip, containing the Ironbark prospect.

Additional work planned includes quantitative geophysical analysis of a Jurassic seismic amplitude play and a review the existing charge model and sequence stratigraphy for both the Deep Mungaroo and the Jurassic plays.

\*Cue Energy interests held through subsidiaries. New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.



AUSTRALIA



## NEWS

**BOARD**

At the company's annual meeting in December, Mr Rod Ritchie was re-elected as a director.

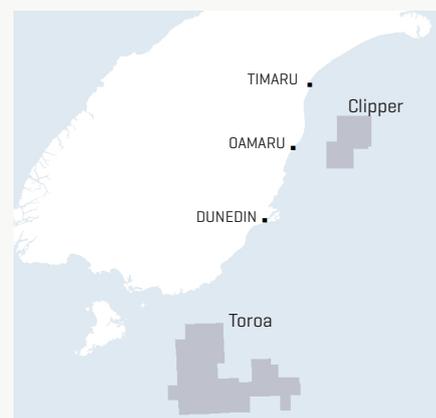
Rebecca DeLaet stepped down from the board for personal reasons, effective from Friday, 20 December 2019.

**CONSTITUTION**

Amendments to the constitution were approved at the annual meeting as proposed in the Notice of Meeting to align the company's constitution with changes to the Listing Rules and amendments to statutes.

**SCHEME OF ARRANGEMENT**

The scheme of arrangement with O.G. Oil & Gas (Singapore) Pte. Ltd. (OGOG) was not approved by minority shareholders at a special meeting in November, and was subsequently terminated.



OFFSHORE CANTERBURY - GREAT SOUTH BASIN



## NEW ZEALAND EXPLORATION

**Clipper (PEP 52717)**

50% New Zealand Oil &amp; Gas (Operator)

50% Beach Energy

A well commitment decision needs to be made before 11 April 2022, or the permit must be surrendered. If the well commitment is made, the well will need to be drilled by June 2023. No other activity occurred in the period.

**Toroa (PEP 55794)**

100% New Zealand Oil &amp; Gas

The permit has an obligation to relinquish 50% by March 2020. The well commitment decision (or surrender point) is now due by 1 April 2022. If a well commitment is made, the well will need to be drilled by 1 April 2023. No other activity occurred in the period.

## MANAGE YOUR SHAREHOLDING

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## NEW ZEALAND OIL &amp; GAS LIMITED

Level 1, 36 Tennyson St, Wellington 6011, New Zealand

+64 4 495 2424 [enquiries@nzog.com](mailto:enquiries@nzog.com)[www.nzog.com](http://www.nzog.com)

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