

18 March 2010

Official opening of Kupe gas and oil field

New Zealand Oil & Gas Ltd describes today's official opening of the Kupe gas and oil field by Prime Minister John Key as a cause for celebration of the company's perseverance since discovering the field in 1986.

The availability of cheap Maui gas and low oil prices constrained the development of Kupe for a long period. In 2006, investment conditions were finally right for NZOG and its new partners in the project to make the final investment decision to develop the field, supported by long-term gas sales contracts with Genesis.

NZOG Chairman Tony Radford says Kupe has been a major undertaking for the company, requiring patience, perseverance and a significant financial commitment.

"NZOG made the Kupe discovery with its first exploration well into the prospect in 1986. The discovery was followed up with a substantial investment in appraisal drilling of four more wells by NZOG and its then partners in the project, all of which discovered oil and gas and which together formed the basis for delineation of field reserves and expected performance.

"Most recently NZOG has invested \$200 million as a 15% partner in bringing the Kupe project to fruition.

"It's an excellent demonstration of the long term commitment which NZOG has to the petroleum exploration and production business in New Zealand," Tony Radford said.

Kupe commenced production of natural gas, LPG and light oil when the producer wells were opened in early December 2009. The gas goes into the North Island gas transmission system, the LPG is uplifted from the processing plant near Hawera by contracted parties and the light crude is stored at the tank farm at Omata near Port Taranaki, before being exported.

Kupe will provide 10-15 per cent of the country's annual gas demand and more than 50 per cent of the country's LPG demand. Over the next 15 or so years, Kupe is expected to produce approximately 254 petajoules of natural gas, 1.1 million tonnes of LPG and 14.7 million barrels of light oil.

“Kupe is making a significant contribution to New Zealand’s energy needs. For NZOG, it provides a long-term earnings stream from three products – light oil, LPG and gas – which supports NZOG’s pursuit of new opportunities to grow our business further,” Tony Radford said.

Ends.

Kupe participants are:

Origin Energy Resources (Kupe) Limited	50 per cent (Operator)
Genesis Energy	31 per cent
New Zealand Oil & Gas Limited	15 per cent
Mitsui E&P Australia Pty Ltd	4 per cent

NZOG is an independent, Wellington-based oil exploration and production company listed on both the New Zealand and Australian stock exchanges. NZOG has two key production assets (Tui and Kupe), two significant investments (Pike River Coal and Pan Pacific Petroleum) and a promising exploration portfolio.

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NZOG stock

symbols:

NZX shares – NZO
ASX shares – NZO