

# New Zealand Oil & Gas Activities Report

## Three wells in planning

Preparations are advancing for three exploration wells to be drilled before the end of 2018.

In Taranaki, New Zealand Oil & Gas has a 25 per cent interest in the Kohatukai well in PEP 55768, targeting gas condensate in a field analagous to the nearby Pohokura field that currently provides about a third of New Zealand’s total gas production.

Work to prepare the well site has been completed and the drilling is expected to begin about September.

In North Sumatra, Indonesia, preparations have begun to drill the Bohorok well, also targeting gas at an address close to existing infrastructure. The well is planned for the fourth quarter this year.

Also in Indonesia, preparations are underway to drill the Paus Biru-1 exploration well in the Sampang PSC, where New Zealand Oil & Gas subsidiary Cue Energy has a 15 per cent interest. It is also timed for the fourth quarter.



Preparatory work underway at the Kohatukai well site in North Taranaki.

## FINANCIAL SUMMARY

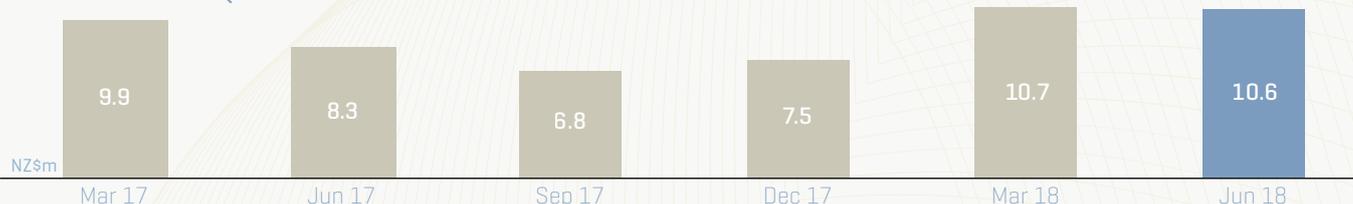
- Cash balance \$98.6m
- Steady revenue from production

Revenue from Kupe was \$4.3 million and revenue from Cue’s Maari and Sampang production assets was \$6.4 million. \$2.2 million was paid for production costs. Administration costs across the group of \$2.2 million were up from \$1.6 million in the previous quarter. The increase reflected higher M&A and technical costs as the company pursued its strategy of acquiring more assets. Exploration costs were \$1.0 million.

## PERFORMANCE

	Comparable quarter a year ago	Previous quarter	3 months to 30 Jun 18
Revenue from production NZ\$m	8.3	10.7	10.6
Cash balance NZ\$m	125.1	89.5	98.6

## GROUP REVENUE BY QUARTER



## Corporate News

The annual meeting of shareholders will be held at 10AM on Friday, 2 November 2018 at Te Wharewaka Function Centre, Odlins Square, 109 Jervois Quay, Wellington. A Notice of Meeting, including details of resolutions and a proxy voting form, will be sent to shareholders before then.

Nominations for the board have opened, and close on Monday, 3 September 2018. Nominations of directors must be made by written notice to the company and accompanied by the consent in writing of the nominated person. The address is:

The Company Secretary, New Zealand Oil & Gas Limited  
Level 1, 36 Tennyson Street Te Aro, Wellington 6011, New Zealand.

Annual results for New Zealand Oil & Gas will be announced on Monday, 27 August 2018. This updates the previously announced date. Results will be released to the NZX and uploaded to the website at nzog.com.

Following quarter end Mr Marco Argentieri was appointed to the New Zealand Oil & Gas board. He is Senior Vice President and General Counsel for O.G. Energy, and a member of the Board of Directors of both O.G. Energy and O.G. Oil & Gas. He holds a B.A. from the University of Rochester, a J.D. from New York University and an MBA from Columbia University.

PRODUCTION

FIELD		Total field for Jun 2018 quarter [gross]	Our share previous quarter [net]	Our share Jun 2018 [net]
Kupe Taranaki, New Zealand	Oil Barrels	259,870	11,520	10,400
	Gas Petajoules	5.84	0.26	0.23
	LPG Tonnes	25,070	1,040	1,000
	Revenue NZD\$m		3.4	4.3
Maari* Taranaki New Zealand	Oil Barrels		31,225	29,314
	Revenue AUD\$m		3.5	2.4
Sampang* Java, Indonesia	Oil Barrels		795	818
	Gas Petajoules		0.37	0.38
	Revenue AUD\$m		3.2	3.6

KUPE

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

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Overall production was in line with prior quarters, though April was slightly lower due to a 5-day unplanned outage to conduct some maintenance repairs.

Routine activities have continued and LPG yields have steadily increased.

MAARI

**Maari and Manaia oil field** [PML 38160]

5% Cue Energy\*

69% OMV New Zealand [Operator]

26% Horizon Oil International\*

An annual maintenance shutdown was performed during the quarter, interrupting production during the last week of June. Following the quarter end, all wells have returned to operation

except MR3A, which has developed an electrical fault and is being reviewed for repair.

The joint venture has deferred further work on the proposal to appraise the Manaia Moki reservoirs due to technical and commercial considerations.

\*During the quarter, Horizon Oil announced the completion of its acquisition of Todd Maari Limited's 16% interest in the permit.

SAMPANG

**Sampang Production Sharing Contract**

15% Cue Energy\*

45% Santos Sampang [Operator]^

40% Singapore Petroleum Company

The Sampang PSC continued to perform strongly as a gas-only project, with production from both Oyong and Wortel fields. \$1.26m was received during the quarter as delayed payment from a 2017 Oyong oil lifting.

Rig procurement and detailed well planning for the Paus-Biru 1 exploration well progressed during the quarter. The operator confirmed Q4 2018 as the target date for drilling.

The Paus Biru prospect is located 27km east of the producing Oyong gas field. Paus Biru-1 will target a Mundu Formation four way dip structural closure, analogous to the producing zone in Oyong and Wortel fields.

^During the quarter, Santos announced the sale of its Asian assets, including the Sampang PSC, to Ophir Energy subject to Ophir shareholder approval. All Santos employees associated with these assets will transfer to Ophir as part of the sale. Cue does not anticipate any operational impacts from the sale.

\*The New Zealand Oil & Gas interest in Maari and Sampang is held through Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Table shows Cue's full interest.

## CANTERBURY-GREAT SOUTH

### Clipper [PEP 52717]

50% New Zealand Oil & Gas [Operator]

50% Beach Energy

Seismic re-processing and inversion work is continuing.

Discussions are continuing with potential farm-in partners reviewing the Barque opportunity.

A natural alignment exists in the timetable for Toroa and Clipper.

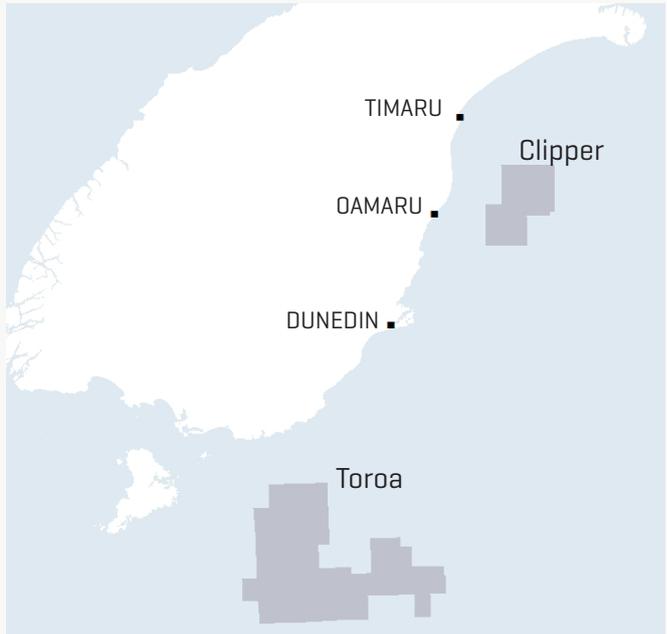
### Toroa [PEP 55794]

100% New Zealand Oil & Gas^

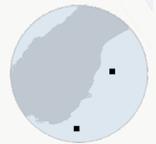
An application was submitted to the regulator to take over 100 per cent equity in the permit and become operator.

A marketing campaign has commenced to promote the opportunity to potential farm-in partners.

^Subject to regulator approval.



## OFFSHORE CANTERBURY - GREAT SOUTH BASIN



## ONSHORE TARANAKI

### Kohatukai [PEP 55768]

New Zealand Oil & Gas 25%

O.G. Oil & Gas Limited 25%

Mitsui E&P Australia Pty Ltd [Mitsui] 37.5%

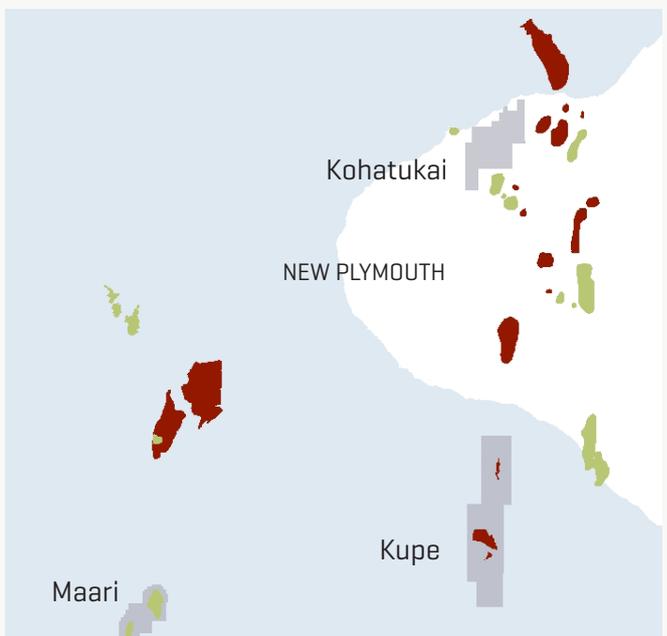
AWE Holdings NZ Limited [AWE] 12.5% [Operator]

Subsequent to quarter end the regulator approved the acquisition of equity in the permit by New Zealand Oil & Gas.

A well is expected to be drilled in the fourth quarter of this calendar year.

Site preparation is complete, and following discussions with potential drilling rig suppliers, a rig contract was finalised.

The Kohatukai well will test dual objectives in the Eocene Matapo and Mangahewa sands targeting a prospect that is analogous to the nearby Pohokura Gas Field. The prospect is in proximity to existing infrastructure and local gas markets.



## TARANAKI BASIN



## AUSTRALIA

### WA-359-P

#### 100% Cue Energy (Operator)\*

The current WA-359-P permit expiry date was 25 April 2018. During February 2018, Cue submitted a Suspension, Extension and Variation application to the National Offshore Permit Titles Administrator (NOPTA) to allow time for analysis and review of new data as part of the Ironbark-1 drill planning.

This application is still pending with NOPTA but a decision is expected during the current quarter. The title remains in effect while the application is being reviewed.

Cue continues to progress Ironbark-1 well planning and to review funding options to enable the well to be drilled during 2019 if the Suspension, Extension and Variation application is successful.

## INDONESIA

### Bohorok

#### 25% New Zealand Oil & Gas<sup>^</sup>

75% Bow Energy International Holdings<sup>^</sup> (Operator)

Plans for drilling the BK-1 exploration well continue. The well is currently planned to be drilled in Q4 2018.

As part of a series of transactions, New Zealand Oil & Gas reduced its interest in Bohorok from 45% to 25%.

<sup>^</sup>Interests are subject to regulator approval of a series of transactions.

### Kisaran

#### 22.5% New Zealand Oil & Gas

55% Pacific Oil & Gas (Operator)

22.5% Bukit Energy

There was minimal activity in the production sharing contract.

The company continues to review strategic options to extract value, including potentially selling out of the Kisaran.

### Palmerah Baru

The company has agreed to dispose of its 36% interest in this production sharing contract to the operator, Bow Energy. The transaction is subject to regulator approval.

### WA-409-P

#### 20% Cue Energy\*

80% BP Developments Australia Pty Ltd (Operator)

The operator is continuing to analyse reprocessing of seismic.

### WA-389-P

#### 100% Cue Energy\*

Mapping and evaluation of the permit is continuing, with two leads analogous to the Ironbark prospect identified.

### Mahato

#### 12.5% Cue Energy\*

During the quarter, the partners have been in discussions with the Indonesian Government and the Mahato PSC Operator regarding the funding of exploration activities and an extension to the exploration period of the permit. The permit was formally due to expire on 19 July.

Subsequent to the end of the quarter, Cue has been advised that a number of transactions have taken place which will, subject to Government approval, alter the ownership and funding of the PSC. The Operator has also submitted an application for an extension to the exploration period to replace lost time due to previous issues with land ownership.

The ownership and equity changes do not affect Cue's 12.5% and Cue is optimistic that new participants in the PSC will aggressively pursue exploration opportunities if an extension is granted.

### Mahakam Hilir

#### 100% Cue Energy\* (Operator)

During the quarter approval was received for a change of work programme in the Mahakam Hilir Production Sharing Contract.

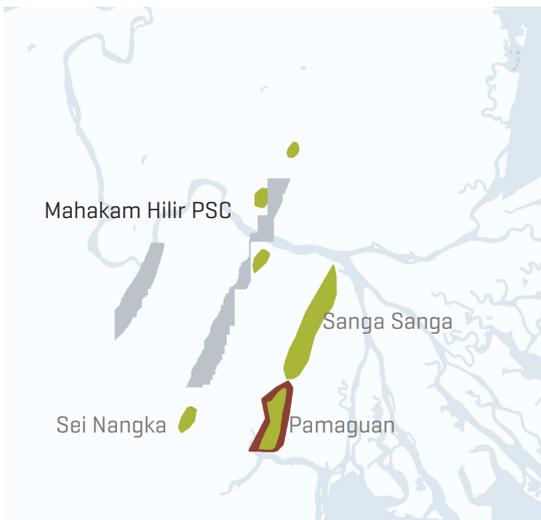
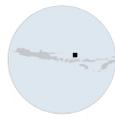
Two wells previously included in the work programme for contract year 8 (to May 2018) were replaced by G&G studies. The wells are now included in permit year 9 (to May 2019). Cue continues to complete the technical work required for Naga Utara 4 appraisal well planning.

Cue is currently seeking partners to participate in the Mahakam Hilir PSC and Naga Utara-4 well. A number of presentations with interested parties were conducted during the quarter.

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



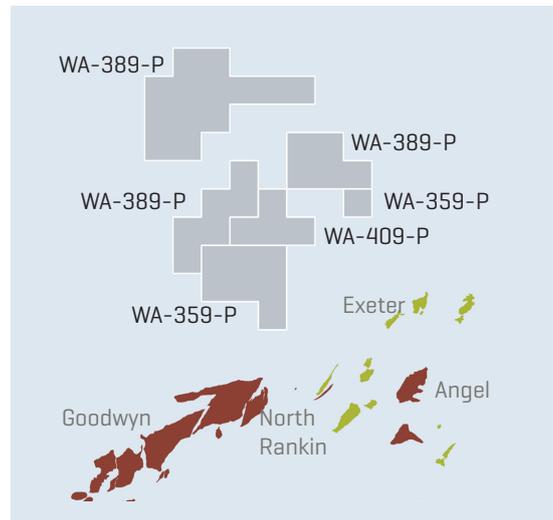
JAVA



KALIMANTAN



SUMATRA



AUSTRALIA



**Share register clean up**

Shareholders who held fewer than 500 New Zealand Oil & Gas shares at 5PM on Friday, 20 July 2018 will have their shares sold on their behalf. Brokerage will be paid by New Zealand Oil & Gas and proceeds will be paid by the method that the registry, Computershare, pays the holder.

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NZX:NZO

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