

14 October 2016

PEP 52717 Clipper change of conditions granted

Work continues on New Zealand's largest publicly-announced petroleum prospect, with approval by the regulator for a change of conditions and extension of duration for Petroleum Exploration Permit 52717 Clipper.

New information is being analysed relating to the Canterbury Basin where New Zealand Oil & Gas's best estimate of prospective resource in the Barque prospect is equivalent to 530 million barrels of oil (265 million barrels net to New Zealand Oil & Gas). * This is equivalent to at least twice the amount of producible gas in Taranaki's Maui discovery, which has been in production since the 1970s.

"The Barque prospect in Clipper is a potential game changer for the Canterbury region, for New Zealand and for our company," says New Zealand Oil & Gas acting chief executive Andrew Jefferies.

"The Government and New Zealand Petroleum & Minerals deserves considerable credit for accommodating a change of conditions to allow further study of this permit, in recognition of its considerable economic potential and the need for further high quality scientific analysis."

The conditions approved by New Zealand Petroleum & Minerals now require a decision on whether to commit to drilling an exploration well by 10 April 2018, and if a positive drill decision were made it would have to be drilled by 10 June 2020.

New Zealand Oil & Gas has a 50% interest in Clipper, and is the operator. Its joint venture partner is Beach Energy. The JV is in talks with potential farm in partners that have the scale and capability to operate a large prospect in deepwater.

Meanwhile, Cue Energy Resources, in which New Zealand Oil & Gas holds a controlling interest, has announced that BP has acquired an 80% equity interest in one of Cue's potentially game-changing very large prospects in the Carnarvon basin, offshore Western Australia. Details of Cue's announcement are here:

<http://www.cuenrg.com.au/irm/PDF/2195/CueEnergyFarmsOutNorthWestShelfGasProspecttoBP>

"New Zealand Oil & Gas is very pleased to have exposure to these two exciting prospects, both of which have the potential to be transformational for our company. We are delighted to announce progress in both of them," Andrew Jefferies said.

*New Zealand Oil & Gas is not aware of new information or data that materially affects this announcement. All material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of the future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.