

# AWE to drill in New Zealand

**A**WE stated on 29 January that the PMP 38158 (Tui) JV has approved the drilling of two additional wells in the second half of 2013: the Pateke-4H infill development well and the Oi exploration well.

AWE is the operator and has entered into an agreement to secure the recently overhauled and upgraded *Kan Tan 4* semi-submersible rig, operated by Frigstad Offshore, to drill both wells as part of a larger drilling campaign to be undertaken by other companies in New Zealand during 2013–14.

The Pateke-4H infill development well will target a mapped northern extension of the Pateke field (part of the Tui field group) that is not being accessed by the current producing well, Pateke-3H. The well is planned to be drilled to a total measured depth of approximately 6,900 m and will include a 2,500 m horizontal section.

AWE estimates that Pateke-4H could increase field recovery by 2.3 MM bbl (gross). AWE has previously booked its equity share of a Contingent Resource (2C) recoverable volume of 2.0 MM bbl associated with this opportunity.

Subject to confirmation of results from the Pateke-4H well, a project to connect the well to existing infrastructure is expected to be confirmed at which point AWE would anticipate booking Reserves (in place of Contingent Resource) associated with the Pateke-4H development project.

The managing director of AWE, Bruce Clement, said that the infill drilling plans would, if successful, enhance the production life of the Tui Oil fields.

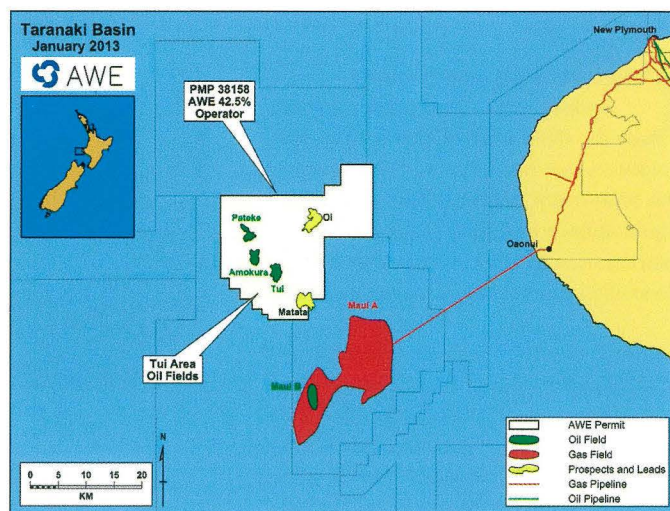
“Tui has been a valuable production asset for AWE and on current projections will continue to produce through to late 2020. The Pateke-4H infill development well has the potential to deliver significant production enhancement to the Tui project,” Clement said.

Drilling and completion of Pateke-4H is planned for 2013–14, subject to rig timing. If successful, Pateke-4H will be tied-in to the Tui field FPSO utilising existing subsea infrastructure and commissioned in 2014–15.

The Oi prospect is a 4-way dip closure created by compactional drape over an underlying basement high, similar to the structures at the Tui, Amokura and Pateke fields, and is targeting the same producing reservoir level (F10 sandstones). Located 13 km to the northeast of the Tui field FPSO, the Oi prospect represents a Prospective Resource of 11 MM barrels of recoverable oil (gross, P50 estimate).

In the event of a commercial discovery, existing excess FPSO production capacity at Tui will enable the Oi field to be tied-in relatively quickly and with low incremental operating costs. The well will be located in approximately 120 m of water with the target horizon at 3,200 m subsea. AWE and Mitsui have elected to participate in the Oi exploration well at reduced equities of 25% and 12.5% respectively. NZOG will participate at its existing equity level of 12.5%. Pan Pacific Petroleum has increased its equity in the well to 50% under the sole risk provisions of the Tui Joint Operating Agreement. AWE will remain the Operator.

If the Oi well proves successful, AWE and Mitsui have the option to restore their equity to 42.5% and 35.0% respectively in any development through a buy back of equity from Pan Pacific Petroleum. This will comprise reimbursement of pro-rata costs and the payment of a premium to Pan Pacific Petroleum.



“The reduced equity and buy back option for Oi allows us to undertake the drilling program in 2013–14, making best use of available rig resources. It also reflects AWE’s management of its exploration program and budgets in the near term,” Clement said.

The JV partners in PMP 38158 are: Awe (42.5%), Mitsui E&P Australia (35%), New Zealand Oil & Gas (12.5%) and Pan Pacific Petroleum (10%). ■