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## NZ Experiencing Exploration Boom

Oil exploration activity in New Zealand is running at probably the highest rate ever. Exploration companies have already announced 24 wells for 2001, of which 17 are exploration, with more wells likely. There are also plans for an extensive deepwater seismic survey off Taranaki in previously unexplored areas.

The increasing interest in exploring in New Zealand follows a number of recent oil and gas discoveries, and the growing realisation of greater potential for further substantial discoveries. This exploration potential is backed up by an excellent environment in New Zealand for petroleum investment.

The biggest petroleum discovery for decades was last year's Pohokura gas-condensate field offshore Taranaki. Latest revised estimates indicate Pohokura contains at least 1Tcf of gas and 53 MMbbl of condensate, and is second in size only to the Maui field in terms of total remaining reserves.

Just a few months earlier, a significant onshore oil discovery was made at the Rimu onshore Taranaki field. Operator Swift Energy says Rimu contains reserves of 27 MMboe with more than half being oil. Appraisal work is still going on at Rimu and drilling has not yet begun on the nearby Kauri and Tawa prospects which Swift estimates are considerably bigger than Rimu.

Other recent oil finds include the Maari offshore Taranaki discovery where up to 60 MMbbls recoverable were found. More appraisal drilling is planned this year at Maari. Oil flow from the Maui B field production last year rose 50% following sinking of two new production wells, one of which flowed at 10,000 bopd.

Other yet-to-be-developed gas discoveries have been made onshore in the East Coast Basin - the first commercial-scale finds made outside of the Taranaki Basin. Many of the companies which are generating the high level of exploration are from the United States. North American independents have been particularly attracted to New Zealand, with some 15 companies from the US and Canada now exploring in the country.

Recently there has been increasing interest from Australia with seven Australian explorers now having interests in New Zealand.

Shell, which has been active in exploration in New Zealand for over 40 years, has indicated its desire to have a bigger presence in the country with its almost completed takeover of the largest New Zealand explorer Fletcher Challenge Energy (FCE). The Commerce Commission has required Shell, as part of the take-over, to relinquish almost all FCE's onshore fields and assets. This will leave Shell with the Maui, Pohokura and Maari fields plus half of the Kapuni field. A number of companies are

interested in the largely onshore FCE assets which the commission is requiring Shell to sell off later this year.

New Zealand private company Todd Energy, a long-time partner with Shell in all of its exploration activity, now remains as the largest local company in the petroleum business.

New Zealand also offers a big potential for new exploration. Though a long, narrow country, the indented coastline is as long as that of the continental USA. Petroleum basins with proven petroleum systems cover about two thirds of the coast with most of the basins also coming onshore. The submerged continent of New Zealand is huge-over 10 times larger than the above-sea land area. In places the continental shelf extends hundred of kilometres from the coast. Some of the deepwater basins are little known, let alone drilled.

During 2000 there was a sharp re-rating by international investors of New Zealand as an attractive place to invest for petroleum exploration. The IHS/Petro Consultants PEPS database survey for 2000 moved New Zealand up 13 places from its 1999 position to 24th most attractive country for exploration investment. In the South East Asia-Australasian region, New Zealand was ranked first by the IHS survey for both political risk and fiscal terms.