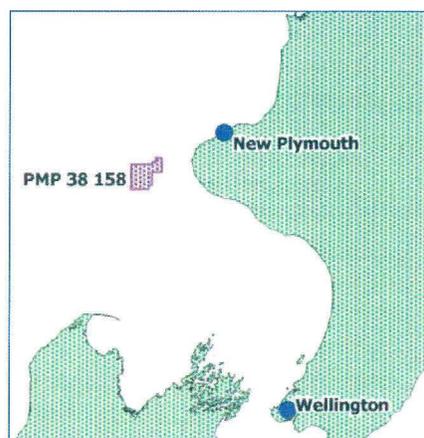


27 MMbbl Tui Oil Field Project Receives Green Light

In late November, the Tui Area oil field development offshore Taranaki, operated by New Zealand Overseas Petroleum (NZOP), with an estimated P50 recoverable reserves of 27 MMbbl of oil, was given the go ahead by the Tui partners and Crown Minerals.

The Tui project will involve joint development of the Tui, Amokura, and Pateke oil accumulations, discovered in 2003 and 2004. The development of these fields, in 120 m deep water, will be undertaken via four horizontally drilled and subsea completed development wells, which will be individually tied back to a leased FPSO. A contract has been signed with Norwegian-based Prosafe Production Services Pte Ltd for the charter of a FPSO.

New Zealand Oil & Gas (NZOG) advised that the project investment cost would be US\$204 million (about AUS\$273 million). This excluded the US\$178 million (approx AUS\$234 million), five year contract cost for the charter of a floating production storage and off-loading vessel (FPSO) for processing and storing the crude oil.



The Tui field will be the country's first stand-alone offshore oil development, coming on stream in the second quarter of 2007 and with an initial flow rate of up to 50,000 bopd. The Ministry is expected to grant a petroleum mining permit (38158) shortly.

Prosafe will convert the tanker, M/T Ionikos for the Tui FPSO. To maximise ultimate oil recovery, the FPSO is being designed to handle up to approximately 120,000 barrels per day of liquid, NZOG said. The FPSO oil storage capacity will be in excess of 700,000 barrels, which will allow flexibility to efficiently utilise a range of different sized offtake oil tankers.

The development drilling operation is expected to commence in the December 2006 quarter and take some six months for the drilling and completion of the four development wells. This drilling schedule will tie in with the scheduled FPSO arrival date early in the June quarter of 2007 and the first oil target date in the same quarter.

Joint venture participants in the Tui Area oil project are: NZOP 45%, AWE New Zealand 20%, New Zealand Oil & Gas (via subsidiary Stewart Petroleum) 12.5%, Mitsui E&P New Zealand 12.5%, and Pan Pacific Petroleum (via WM Petroleum) 10%. ■