

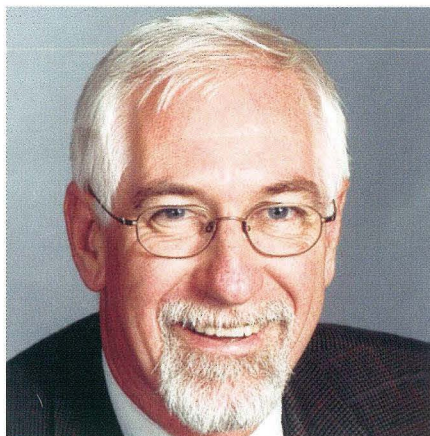
\$6M Boost For NZ Exploration, With Focus On Taranaki Basin

The New Zealand government has allocated \$6 million to acquire geotechnical data to support exploration in its 2006-07 budget. Associate Energy Minister, Harry Duynhoven, said part of the funding would be used to gain a greater understanding of the known fields within the onshore Taranaki Basin.

"The recent award of a permit to Greymouth Petroleum to produce from the Turangi discovery confirmed that onshore Taranaki still has a major role in New Zealand's energy future, but technical challenges remain to unlocking the full potential of the region", Duynhoven said.

A consortium of petroleum explorers, coordinated by Canadian company Tag Oil, was in the process of being established to develop a programme of at least 6-8 deep wells onshore Taranaki during 2007-2008. "We know that there are large volumes of gas in deep formations across onshore Taranaki", Duynhoven said. "But production from them is hindered by the low permeability of the gas reservoirs – or, in simple terms, the gas is there but we just have not yet figured how to get it out."

"The programme hopes to trial innovative technologies in drilling and production, with the government agreeing to fund the initial, data gathering phase of the programme. Gathering data on this issue will produce



Associate Energy Minister, Harry Duynhoven

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significant national benefit in terms of reducing the technical risks associated with exploration of this kind and will build a critical mass of activity to economically justify mobilising specialist equipment and personnel to New Zealand."

A Crown Minerals spokesman told *PESA News* the allocation of funding for work in

the Taranaki Basin would not be made until all the options were discussed with relevant industry partners.

But Duynhoven said the initiative did not signal a move away from large-scale exploration in offshore New Zealand. "Recent events have highlighted the high level of international interest from major exploration companies in offshore New Zealand – particularly the Great South Basin. The tender to be held this year was recognised as one of the most exciting current developments in the Asia-Pacific region."

He said the exploration of frontier offshore basins would take several years before the potential of these basins could be established.

"In the meantime, if we are to avoid creating a greater dependency on imported oil and gas, with all the uncertainty that this involves, we need to ensure that the short term energy needs of New Zealand are met, at least in part, from domestic gas."

"The relative ease in discovering and bringing into production gas fields in onshore Taranaki – with the existing network of pipelines and production facilities – means improving the knowledge of, and production from, deep gas, could make an enormously positive difference to the gas supply situation in New Zealand." ■