NZOG Posts Surplus

New Zealand Oil & Gas (NZOG) has posted a revenue of A$18 million, underpinned by the sale of the company's interests in Pan Pacific Petroleum, with the commencement of production from Tui not yet reflected in the results.

NZOG announced a surplus of A$6.6 million for the 2006/2007 financial year, an increase of over A$4 million on the previous year, which was made after writing off exploration costs of A$3.7 million.

During the year, NZOG group invested A$110 million in its three development projects, including the Kupe gas and condensate field, Tui oil, and Pike River coal.

Not reflected in the results was the commencement of production of oil from the Tui area oil fields, which commenced production at the end of July, with a current production rate currently of approximately 47,000 bopd of oil. NZOG is making further minor improvements to the facilities to achieve the full 50,000 bopd of oil design capacity of the Umuroa on a consistent basis.

The company said that oil marketing and shipping is proceeding well, with six 300,000 bbl shipments sold to date, two of which have already been shipped to market. AWE, the Tui project operator, has completed a preliminary postdrilling reserves review which indicates that proved and probable (2P) developed reserves for the Tui area oil fields are 32 MMbbl, an increase of 15% over undeveloped reserves reported prior to drilling.

NZOG said that potential for further undeveloped reserves has been identified in the Tui area and at current oil prices and exchange rates the increase in 2P reserves will deliver NZOG approximately $A50 million in additional revenues with only minor associated operating costs. ■