

NZOG Scores Exploration Permit

New Zealand Oil & Gas (NZOG) has been awarded a new exploration permit which lies to the west and south of the country's Kupe development, offshore the Taranaki region of the north island.

New Zealand's Crown Minerals notified NZOG it has been successful with its 'Priority in Time' application made in November 2008 for an area covering approximately 3,000 km². The area has been designated as Petroleum Exploration Permit 51311.

The company has the permit for a five-year term, with the potential for a second term.

NZOG CEO David Salisbury said the company is keen to get the work programme underway.

"We are immediately moving to seek the services of the seismic vessel Pacific Titan, which is currently in New Zealand waters, to shoot 500 km of new 2D seismic for us. We will also have some of the historic seismic data from the area reprocessed", he said.

The permit contains a set of structures the company has dubbed the Gamma prospects, with a number of separate closures formed by upper Miocene sands, eroded by submarine channels, which were then in-filled by younger mudstones.

The company said these mudstones may have formed an effective lateral seal, trapping oil and/or gas in a manner similar to oil-bearing structures known to exist in the Sacramento Valley in California and in the Gulf of Mexico.

Salisbury said NZOG would not release any initial reserve estimates.

"Regional analysis of source zones and the proximity of Kupe indicates that there is a favourable chance for oil or wet gas. Rough estimates from the preliminary mapping indicates the potential for up to six structures ranging from 10 to 100 km² in size", he said.

NZOG plans to evaluate the permit in the next two years and will decide on an exploration well at the end of the second year. ■