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Kupe platform electricity supply

It was reported in the NZ Herald today that a power cable failure at the Kupe gas and oil field is the subject of a \$95 million insurance claim. This is not an accurate reflection of the current situation, and NZOG (New Zealand Oil & Gas Ltd), which is a 15% partner in the Kupe field, wishes to clarify the position.

Kupe has an unmanned offshore platform. An undersea pipeline brings the raw gas ashore to the processing station near Hawera, and an umbilical cable supplies chemicals, fibre optics and electricity out to the platform.

On 27 May 2010 the electricity supply to the platform failed. The back-up diesel generator on the platform was immediately brought into service with no material disruption to production. Subsequent investigations showed a fault somewhere in the umbilical.

Following a thorough review, ongoing diesel-fired generation was identified as an effective solution. Since November 2010, a spare chemical line in the umbilical has been successfully used to supply diesel to the generators.

Kupe's Operator, Origin Energy, notified the Insurers and the umbilical's manufacturer of the power failure and is seeking to recover the costs involved in investigating the failure and switching to generators. Operator has also considered the option of installing a new power cable and advises that early estimates of a likely replacement cost are in the region of NZ\$95m. However, the value of claims lodged to date is less than NZ\$6m.