

news release

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Positive indications in Kupe testing

Preliminary results of testing at the Kupe gas and oil field, offshore Taranaki, New Zealand, demonstrated improved well productivity and access to previously untapped gas reserves.

The results will require further analysis and production data measurement to provide the certainty required to update reserves. This work should be completed by the end of the current financial year.

New Zealand Oil & Gas reported in 2014 that work had begun to assess prospects for recovery of additional resources from Kupe and to assess the potential for additional field development opportunities.

The Kupe operator, Origin Energy, performed tests in December and January to gather information in support of an update to the field development plan. Measurements were taken of fluid contacts. Additional perforations were added below existing ones in two wells to enhance production and reservoir recovery. The operation was logistically complex but was executed on time, under-budget and without health or safety incident.

Early test results are positive, with increased gas and condensate rates and higher shut-in wellhead pressures.

Initial analysis of logging results indicates the water contact has not moved as much as modelling predicted. This means ultimate recovery from existing reservoirs may be higher than forecast to date.

In addition, the higher shut-in well head pressures indicate that previously untapped gas reserves may be available, trapped beneath shale layers.

Post re-perforation productivity more than doubled in the KS8 well – the least productive well in the Kupe field. Results also indicate additional productivity in the KS6 well.

Meanwhile the Kupe joint venture partners have reached agreement to maintain increased gas production capability. Since the first half of 2012, production capacity from the Kupe facility has been elevated by around 10 per cent, to up to 77 terajoules per day, with actual production averaging between 63 to 65 terajoules per day.

Kupe is 30 kilometres south of the Taranaki coast and produces gas, LPG and light oil. At 30 June 2014 New Zealand Oil & Gas reported full year revenue of NZ\$75.9 million from the Kupe asset. Production volumes reported were 3.5 petajoules of gas, 0.5 million barrels of oil and 14.4 kilotonnes of LPG (all New Zealand Oil & Gas share).

New Zealand Oil & Gas has a 15% interest in Kupe. The other Kupe partners are Origin Energy, 50% (Operator); Genesis Energy, 31%; and Mitsui, 4%.

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