

# news release

21 April 2016

## 15% increase in Kupe developed reserves

New Zealand Oil & Gas has announced a further upgrade in developed reserves in the Kupe gas and light oil field off Taranaki, New Zealand, following analysis by the joint venture.

The upgrade from 5.22 million barrels of oil equivalent to 6.02 million barrels is further to a 34.7 per cent increase announced in October last year.

As a result of detailed reservoir simulation uncertainty modelling, New Zealand Oil & Gas has concluded a further increase in 2P developed reserves of 15.29 per cent. The upgrade includes an extra 3.6 petajoules of gas and 16.69 kilotonnes of LPG compared to 2P developed reserves at 31 December 2015 (less production volumes since then).

Chief executive Andrew Knight says the reserves upgrade is positive news.

“This reserves increase provides additional volume from within the existing development. It also provides further security that contracted volumes can be met without needing significant additional capital.”

In addition to the upgrade in developed reserves, technical work is nearing completion to assess options for developing undeveloped reserves of 3.2 million barrels (New Zealand Oil & Gas share). These reserves were reported in the company’s Interim Report statement of total Kupe 2P reserves at 31 December 2015. The Kupe joint venture has not made a final investment decision on the undeveloped reserves.

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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**NZOG stock symbols:**

NZX shares – NZO  
ASX shares – NZO

<b>New Zealand Oil &amp; Gas share: 15% equity</b>	<b>Previous 2P Developed Reserves at 31 Dec 2015</b>	<b>Previous 2P Developed Reserves less production since 1 Jan 2016</b>	<b>2P Developed Reserves at 1 Apr 2016</b>	<b>Change</b>	<b>%</b>
Sales Gas (PJ)	22.79	21.87	<b>25.47</b>	3.60	16.45%
LPG Kilotonnes -	95.01	91.11	<b>107.80</b>	16.69	18.32%
Light oil - million barrels	0.96	0.91	<b>0.98</b>	0.07	8.24%
Millions of barrels of oil equivalent	5.45	5.22	<b>6.02</b>	0.80	15.29%

Reserves are quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward; that are judged to be discovered, recoverable, commercial and remaining. Probable (2P) reserves have a 50 per cent chance or better of being technically and economically producible. Developed reserves are expected to be recovered from existing wells and facilities. Undeveloped reserves are quantities expected to be recovered through future investments (e.g. new wells, compressors, and other facilities). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty. Oil and gas reserves reported in this statement are as at 1 April 2016.

The Kupe estimate is based on over six years of production data and a full probabilistic uncertainty analysis of reservoir simulation models provided by the field operator, Origin Energy. Estimates of reserves are based on their value in use with a discount rate of 10% applied. The oil price assumptions are based on the Bloomberg consensus mean, with contracted volumes of gas and LPG sold on current contract terms. For volumes in excess of current contracts, a future base market price of \$6/gigajoule is assumed for gas sales and LPG prices are linked to the Bloomberg consensus mean forecast for oil. The conversion factors used throughout this report for barrels of oil equivalent are: 163.40 barrels of oil equivalent per terajoule of natural gas and 8.15 barrels of oil equivalent per tonne of LPG. All reserves and resources reported refer to hydrocarbon volumes post-processing and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F.

This reserves statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Vice President & General Manager, Exploration & Production Andrew Jefferies, B Eng (Mech Hons), MSc Pet Eng, MBA, and SPE (Society of Petroleum Engineers) Certified Petroleum Engineer with over 25 years of industry experience.

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