

# New Zealand Oil & Gas Activities Report

NZX:NZO | ASX:NZO

## GROWTH ACROSS MULTIPLE PROJECTS

- Acquisition of Amadeus Basin assets completed 1 October 2021
- Cash receipts up 178% year on year including indicative Amadeus contribution
- Kupe nears return to plateau production following compression project

The acquisition of interests in three gas producing projects in the Amadeus Basin of Australia’s Northern Territory was completed following quarter end. The effective date of the transaction was 1 July 2020. Central Petroleum received a cash payment of A\$29 million, increased by \$0.8m for revenues earned and costs incurred during the period from effective date to completion. With Cue Energy taking a share of the assets, the directly held New Zealand Oil & Gas share of the cash payment was A\$20.9 million. New Zealand Oil & Gas and Cue will also fund Central Petroleum’s share of the costs of exploration, appraisal, and development projects up to a cap of A\$40 million, as well as paying our own costs. The development includes four well re-completions, which have already been completed, and up to 10 wells.

With the new Amadeus Basin assets included, indicative revenue was NZD\$7.0 million [58%] higher than revenue without the Amadeus contribution. Amadeus production was close to forecast. Compared to the same quarter a year ago, the Group’s cash receipts increased by 76 per cent. Including the indicative contribution from Amadeus, Group cash receipts increased by 178% compared to a year ago.

Cue received AU\$2.6 million from the Mahato PSC in Indonesia during the quarter and the field is producing strongly.

At Kupe, completion of the inlet compression project was announced on 14 October and a return to 77TJ/d capacity is expected in the current quarter. A potential development well is being assessed for drilling from the existing Kupe platform. The well would drain the incremental 2P reserves.

Also in October, Mr Daniel Leeman took up a new appointment as General Manager Assets and Engineering, joining the New Zealand Oil & Gas senior management team. Daniel worked in the UK as a drilling engineer with Talisman Energy and a reservoir engineer with Senergy and Conoco Phillips, before emigrating to New Zealand to join New Zealand Oil & Gas in 2014. He is a Chartered Professional Engineer with Engineering New Zealand and holds Master’s degrees in Petroleum Engineering [from Heriot-Watt University] and Mechanical Engineering with a Diploma in Business Management [from the University of Aberdeen].

## FINANCIAL PERFORMANCE



The cash balance of NZ\$66.4 million at 30 September 2021 was down \$4.3 million on the prior quarter balance of \$70.8m. NZ\$19.8m of the cash balance was held by Cue.

Production revenue increased by \$2.9m quarter on quarter due to increased oil production and timing of oil liftings. For indicative purposes, if production revenues from the Amadeus basin assets were included, then revenue for the quarter would be NZD\$7.0m higher at \$18.9m. Production revenue and volumes include pre-sale gas deliveries totalling 218 terajoules.

The revenue earned on Amadeus assets for the current quarter is included as an adjustment to the completion payment along with costs and revenues from the effective date.

Mahato revenue was NZ\$2.6m. The cost recovery phase of the Production Sharing Contract is currently underway and revenues are likely to reduce over the next quarter as the cost pool is re-paid.

Administration costs increased by \$2.1m quarter on quarter and include due diligence and acquisition-related costs. Stamp duty payments relating to the acquisition of the Amadeus assets were made during the quarter.

A foreign exchange loss of \$0.6m was incurred during the quarter.

In the next quarter cash reserves will reduce significantly due to the completion payment for Amadeus plus costs relating to the planned exploration well at Palm Valley.

FIELD		Total field this quarter [gross]	Our share previous quarter [net]	Our share September 2021 [net]
Kupe Taranaki, New Zealand	Oil Barrels	153,215	6,435	6,129
	Gas Petajoules	5.3	0.2	0.21
	LPG Tonnes	23,076	962	923
	Production revenue NZ\$m		2.8	3.3
Maari* Taranaki New Zealand	Oil Barrels	435,280	24,020	21,764
	Production revenue AUD\$m		1.9	2.3
Sampang* Java, Indonesia	Oil Barrels		565	676
	Gas Petajoules		0.37	0.37
	Production revenue AU\$m		2.9	3.2
Mahato* Sumatra, Indonesia	Oil Barrels		22,119	36,577
	Production revenue AU\$m		1.0	2.6
Mereenie** Amadeus, NT, Australia	Oil Barrels	39,695	9,392	9,924
	Gas Petajoules	2.9	0.68	0.72
Palm Valley** Amadeus, NT, Australia	Gas Petajoules	0.68	0.36	0.34
Dingo** Amadeus, NT, Australia	Gas Petajoules	0.35	0.17	0.18
Amadeus Basin**	Production revenue AU\$m. net, indicative		6.5	6.7
Total revenue NZ\$m equivalent including indicative Amadeus contribution.				18.9

\* Interest held by Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.

\*\* Amadeus Basin New Zealand Oil & Gas acquired the Amadeus Basin assets following quarter end, on 1 October 2021, with an effective economic date of 1 July 2020. The values shown in the table are indicative figures attributable to the New Zealand Oil & Gas group at that point as an adjustment to the completion payment. The share indicated is for New Zealand Oil & Gas Group including Cue's full interest. 'Our share previous quarter' reflects the indicative share from that quarter attributed in settling the cash adjustment on completion.

NORTHERN TERRITORY, AMADEUS BASIN

**Mereenie (OL4 & OL5)**

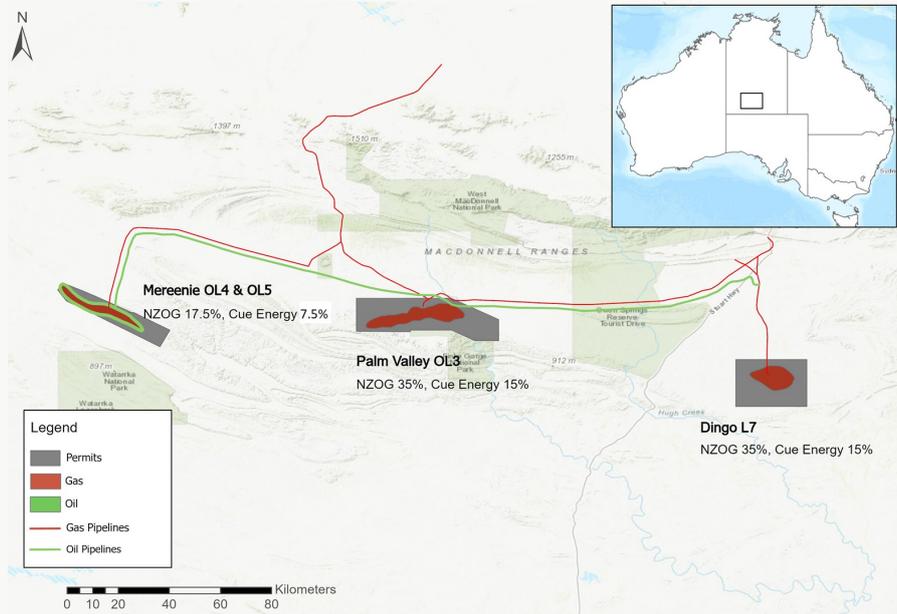
- 17.5% New Zealand Oil & Gas
- 7.5% Cue Energy Resources\*
- 50% Macquarie Mereenie
- 25% Central Petroleum (Operator)

**Palm Valley (OL3)**

- 35% New Zealand Oil & Gas
- 15% Cue Energy Resources\*
- 50% Central Petroleum (Operator)

**Dingo (L7)**

- 35% New Zealand Oil & Gas
- 15% Cue Energy Resources\*
- 50% Central Petroleum (Operator)



The planned program of developments at Mereenie concluded successfully, ending a program of four re-completions and two new drills. Production from the wells continues to be brought online with performance broadly in-line with expectations across the wells. Long term performance is still undergoing review.

The Mereenie and Palm Valley fields produced at close to capacity through the quarter, only limited by market demand fluctuations. Nominations for Dingo also remained strong.

Preparation for the potential exploration and appraisal drilling at Palm Valley and Dingo in FY22 continues.

WESTERN AUSTRALIA

**WA-409-P**

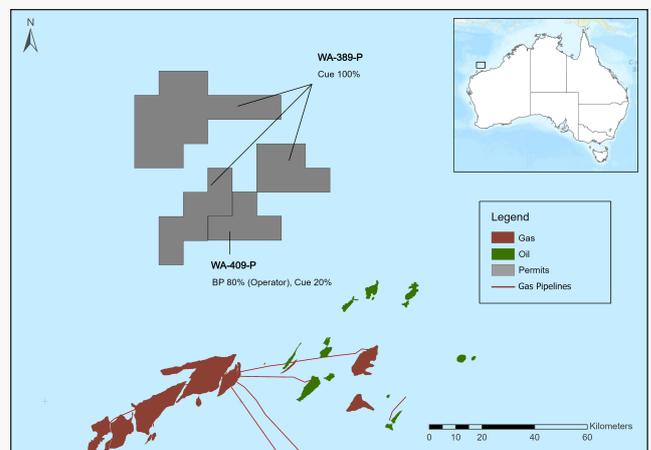
- 20% Cue Energy Resources\*
- 80% BP Developments Australia Pty Ltd (Operator)

During the quarter the joint venture initiated the process of surrendering the permits with all work commitments completed.

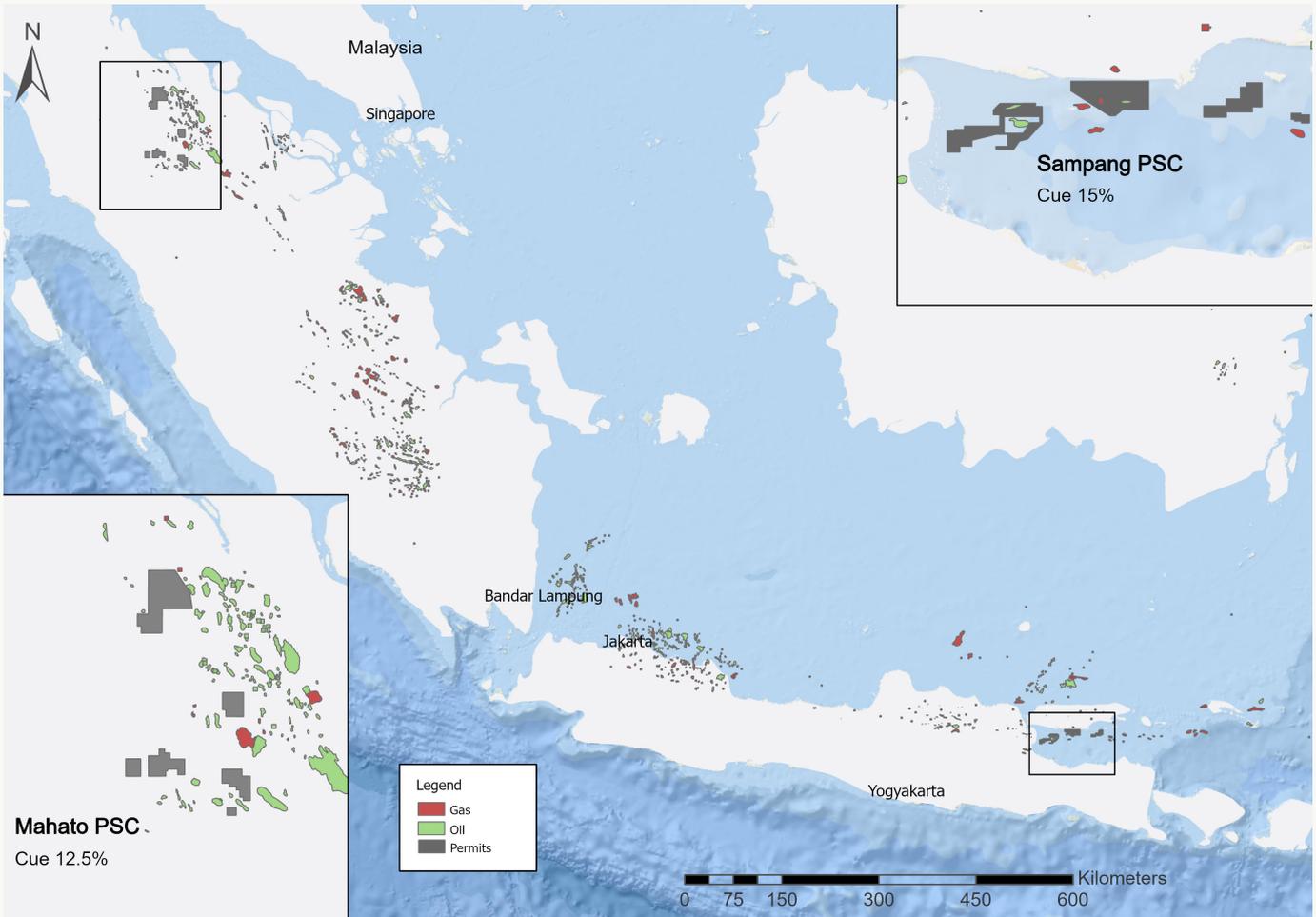
**WA-389-P**

- 100% Cue Energy Resources\* (Operator)

Cue is continuing prospectivity assessment of the permit incorporating data from the Ironbark-1 well.



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**Sampang PSC**

15% Cue Energy Resources\*

Medco Energi Sampang Pty Ltd (Operator)

Gas production from the Sampang PSC continued to perform well, in line with the previous quarter.

The joint venture operator, Medco Energi, is continuing to progress commercial terms for a gas sales agreement to progress a final investment decision on the Paus Biru gas development.

Due to delays in the commercial processes, which involve both the government of Indonesia and gas customers, FEED activities for 2022 will remain limited.

Final investment decision for the development is now not expected before late 2022.

The joint venture continues to review other opportunities within the PSC, including the historical Jeruk oil discovery.

**Mahakam Hilir PSC**

100% Cue Energy Resources\* (Operator)

Processes are underway for surrendering the permit, which expired in April 2021. These processes could take until the end of the calendar year.

**Mahato PSC**

12.5% Cue Energy Resources\*

Texcal Mahato EP Ltd (Operator)

PB field oil production averaged 3,600 barrels per day over the quarter from five producing wells [PB-1, PB-2, PB-3, PB-4 and PB-5], increasing to approximately 4,400 barrels per day during October.

Cue received AU\$2.6 million during the quarter from oil sales in May, June and July, and benefited from current high cost recovery under the PSC.

On 17 July 2021, the PBE-1 well commenced in the PB field, targeting a structure away from the main PB field. The well did not encounter any hydrocarbons and was plugged and abandoned in early September.

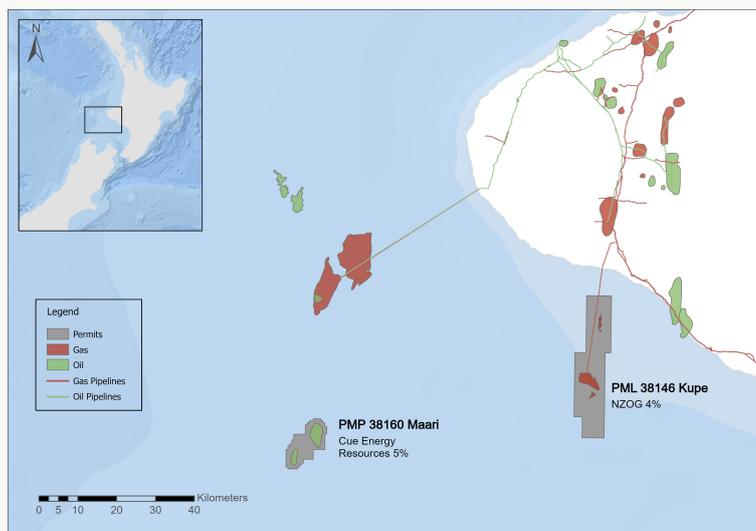
Development well PB-6, which commenced drilling on 11 September 2021, was successfully completed in the Bekasap C sand with reported flow rates of 800 barrels per day.

Two more development wells, PB-7 and PB-8, are planned to be drilled following PB-6.

The results of the six wells drilled to date indicate further development potential in the field, which is currently under review.

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## TARANAKI

**Kupe oil and gas field [PML 38146]**

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Production from the field has remained on a steady decline.

Kupe production was up 4.6% on the prior quarter, due to increased demand, supported by tightness in the New Zealand gas market, and reduced downtime.

During FY21, the Kupe facility operated at a reliability of 98.5%.

Through the quarter, the Kupe compression project was progressed. Completion of the inlet compression project was announced on 14 October 2021. The aim of the project is to support plateau production rates.

Moving beyond the inlet compression project, the joint venture is conducting a feasibility study assessing the potential for a future development well within the field, in keeping with the development of our full 2P total reserves.

**Maari and Manaia oil field [PMP 38160]**

5% Cue Energy Resources\*

69% OMV New Zealand [Operator]

26% Horizon Oil International

Oil production from Maari and Manaia fields averaged approximately 4,700 barrels per day during the quarter, about 10 per cent lower than the previous quarter. The reduction was due to no production from the MR8 well, which reduced Maari production by about 7-800 barrels per day while it was not producing.

MR8 was shut-in in early August due to electric submersible pump failure. Workover repairs to replace the ESP commenced mid-October.

MR6a remained shut-in for the quarter, as the operator progressed plans for the installation of temporary de-sanding equipment to allow the well to flow and assess the cause of the detected sand.

Jadestone Energy and OMV have amended the long-stop date for Jadestone's acquisition of a 69% operated working interest in Maari until 31 December 2021.

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**DIARY NOTE: ANNUAL MEETING**

The New Zealand Oil & Gas Annual Meeting will be held virtually/online, and in person at the Oaks Hotel, 89 Courtenay Place, Te Aro, Wellington, and online / virtually at 10.00am on Wednesday, 3 November 2021.

Read a copy of the Notice of Meeting, voting card and virtual meeting guide [here](#).

<http://www.nzog.com/investor-information/shareholders-information/annual-meetings/>

Quarterly Activities Report, for quarter ended 30 September 2021.

Authorised by Andrew Jefferies, Managing Director.

**New Zealand Oil & Gas Limited**

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