



OUR PETROLEUM FUTURE

We have options . . .

**NZ Petroleum Summit
September 2012**

PEPANZ

PETROLEUM EXPLORATION & PRODUCTION
ASSOCIATION OF NEW ZEALAND

New Zealand “Clean and Green”

OR

dependent on affordable energy?

“Power to the people”

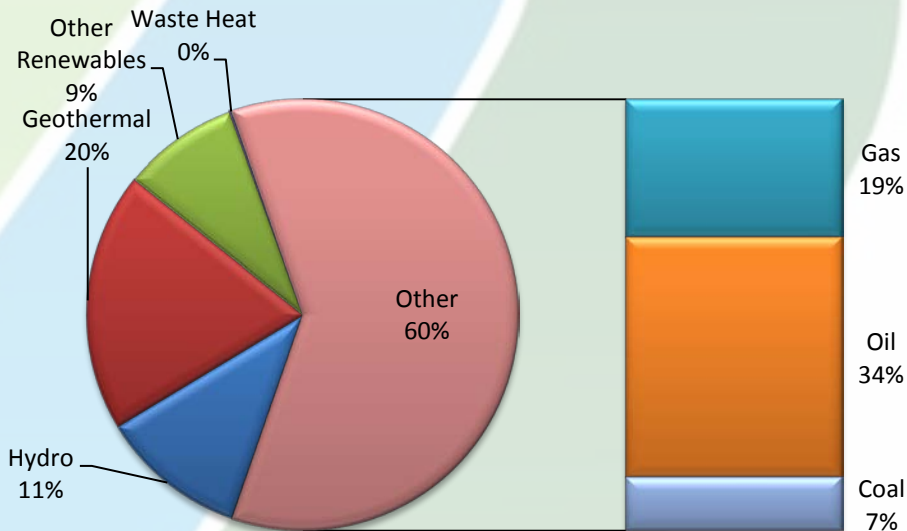
New Zealand Herald, Monday Aug 6, 2012

- The debate rages on about how we can make a transition towards renewable energy.
In New Zealand we are comparatively good on the scale of renewable energy that we use
- - around three quarters of our energy comes from renewable sources (hydro, geothermal, wind and biomass) - and huge opportunities abound for us to generate revenue by exporting our increasing expertise in clean technologies gained through experience in our challenging conditions. . . .”

New Zealand “Clean and Green” or dependent on affordable energy?

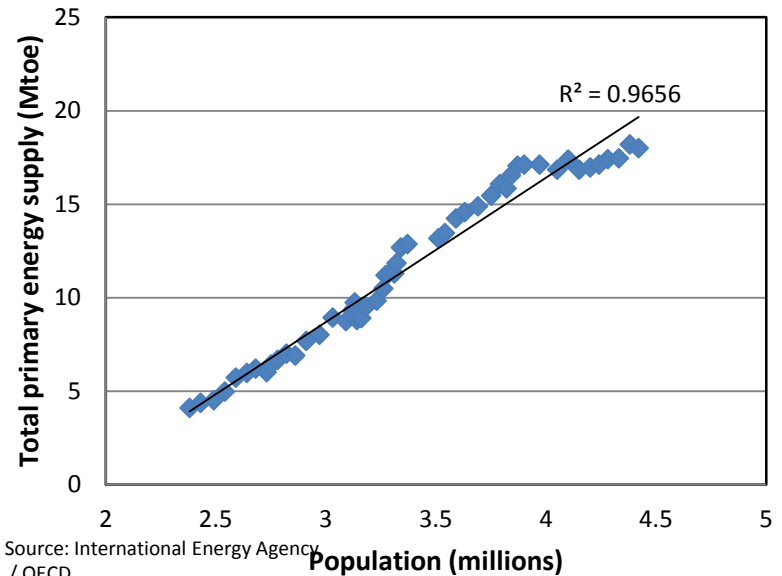
2011 Total Primary Energy Supply

Total = 818 PJe



Source: New Zealand Energy Data File - 2012

NZ TPES versus Population 1960 to 2011



Source: International Energy Agency / OECD

Its not just transportation fuels we need

Nearly everything in our lives is made from oil, made by machinery and systems dependent on oil, and transported by oil as either avgas, petrol or diesel fuel:

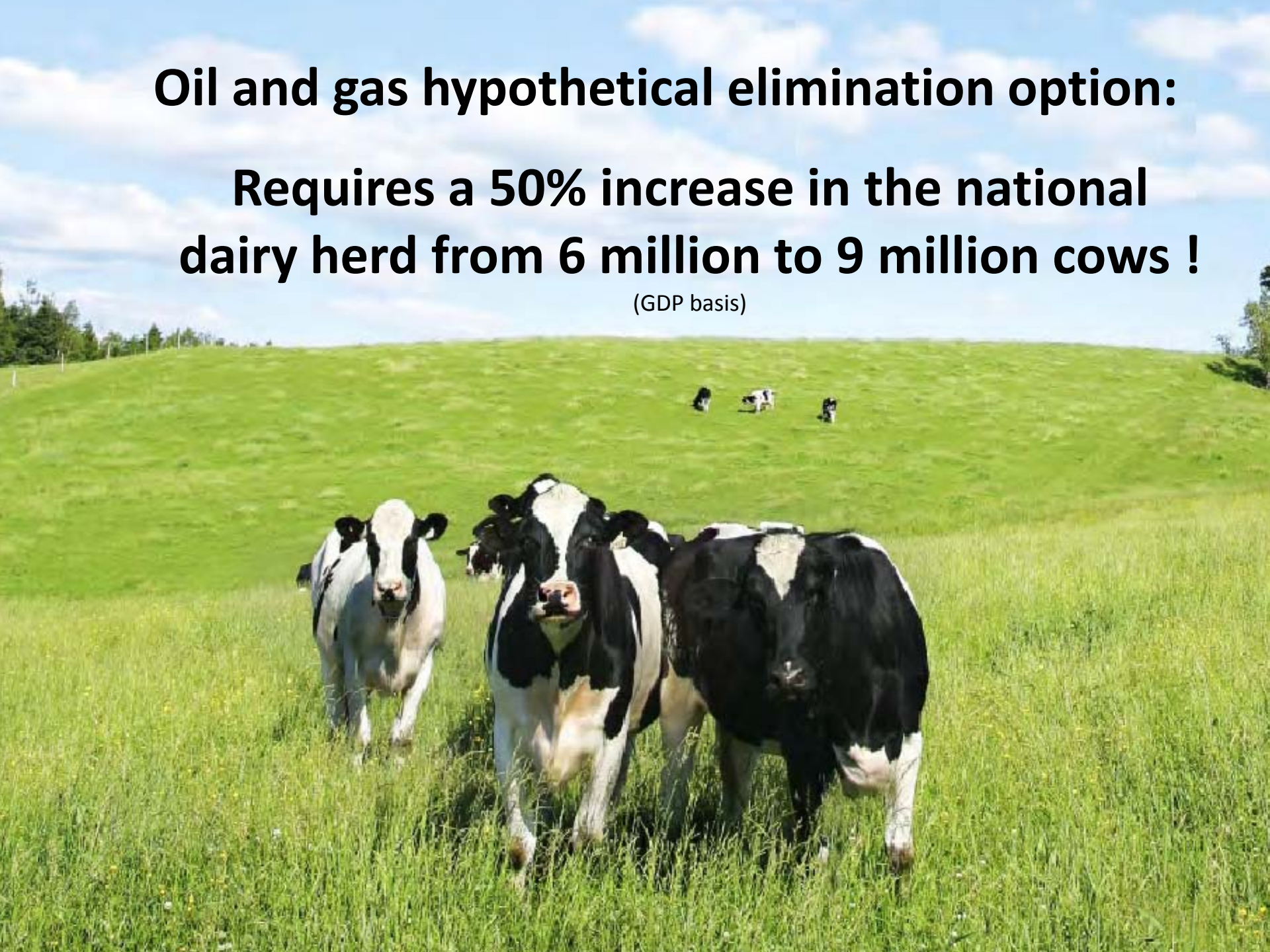
Ammonia, Anesthetics, Antihistamines, Artificial limbs, Artificial Turf, Antiseptics, Aspirin, Auto Parts, Awnings, Balloons, Ballpoint pens, Bandages, Beach Umbrellas, Boats, Cameras, Candles, Car Battery Cases, Carpets, Caulking, Combs, Cortisones, Cosmetics, Crayons, Credit Cards, Curtains, Deodorants, Detergents, Dice, Disposable Diapers, Dolls, Dyes, Eye Glasses, Electrical Wiring Insulation, Faucet Washers, Fishing Rods, Fishing Line, Fishing Lures, Food Preservatives, Food Packaging, Garden Hose, Glue, Hair Colouring, Hair Curlers, Hand Lotion, Hearing Aids, Heart Valves, Ink, Insect Repellent, Insecticides, Linoleum, Lip Stick, Milk Jugs, Nail Polish, Oil Filters, Panty Hose, Perfume, Petroleum Jelly, Rubber Cement, Rubbing Alcohol, Shampoo, Shaving Cream, Shoes, Toothpaste, Trash Bags, Upholstery, Vitamin Capsules, Water Pipes, Yarn



Oil and gas hypothetical elimination option:

**Requires a 50% increase in the national
dairy herd from 6 million to 9 million cows !**

(GDP basis)





Norway – New Zealand

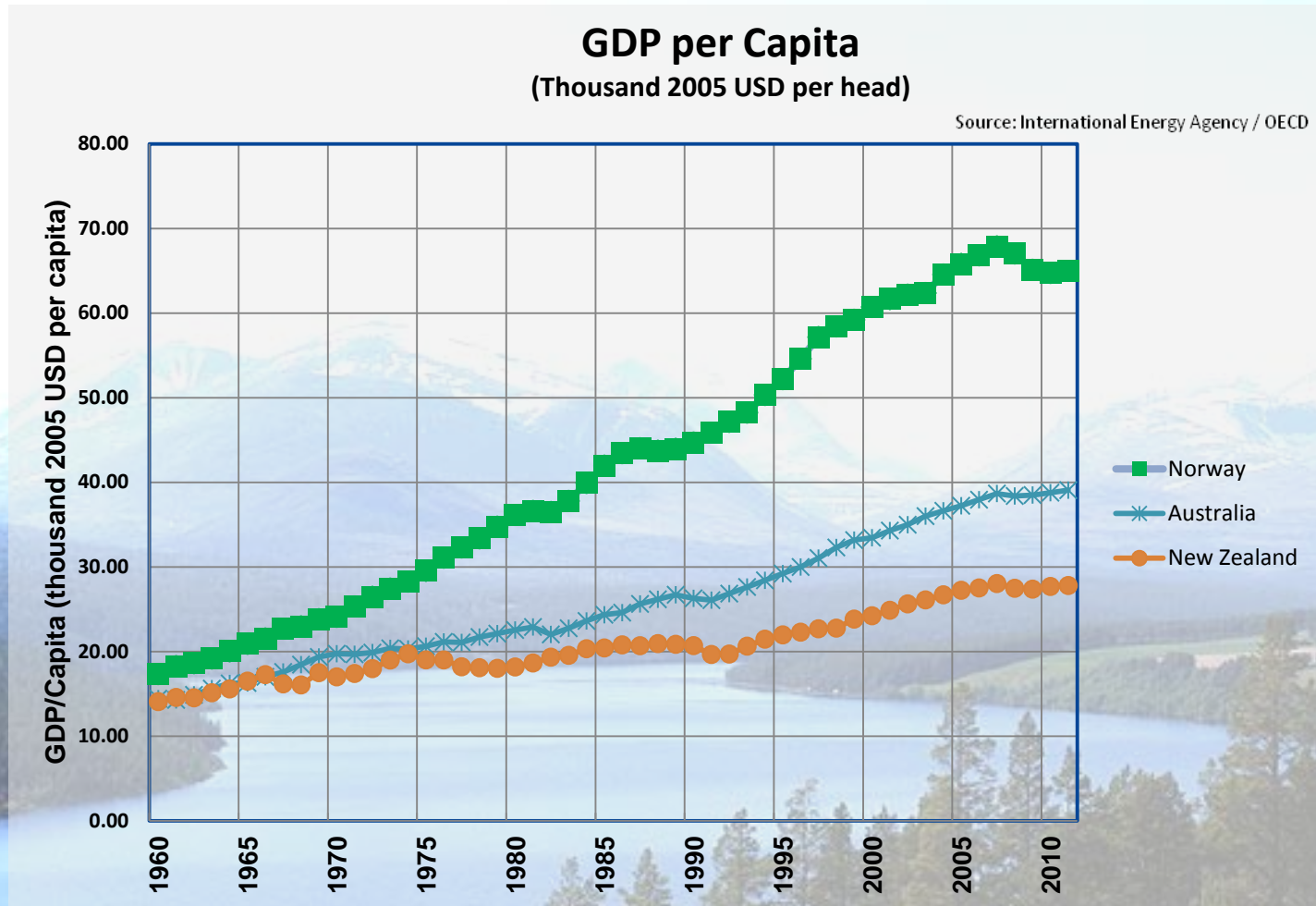
Key Indicators

Key Indicator		Norway	New Zealand
Population (2010)	(million)	4.9	4.4
Land area	(thousand km ²)	385	268
EEZ and Territorial Waters area	(thousand km ²)	2,385	4,083
Energy Production (2010)	(million toe)	206	17
Offshore exploration and appraisal wells drilled		>1,350	130
FTEs employed in O&G (direct and indirect)		250,000	7,700
GDP (2010)	(billion 2005 USD)	\$317	\$121
GDP (PPP) per capita (2010)	(2005 USD)	\$65,000	\$28,000
GDP (PPP) per capita ranking	(2010)	2 nd	21 st
Govt Pension Fund Value (2011)	(billion USD)	\$570	\$15
“Better Life Index” O/A ranking	(2012)	2 nd	9 th

Source: International Energy Agency / OECD

Norway, Australia and NZ

GDP per Capita Growth 1960 - 2011



Norway – New Zealand Offshore Activity

New Zealand

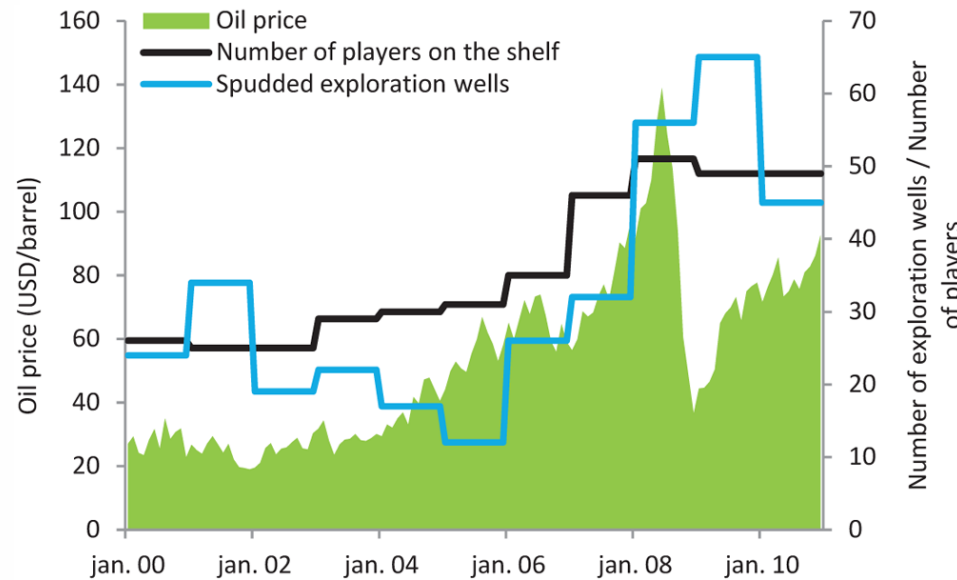
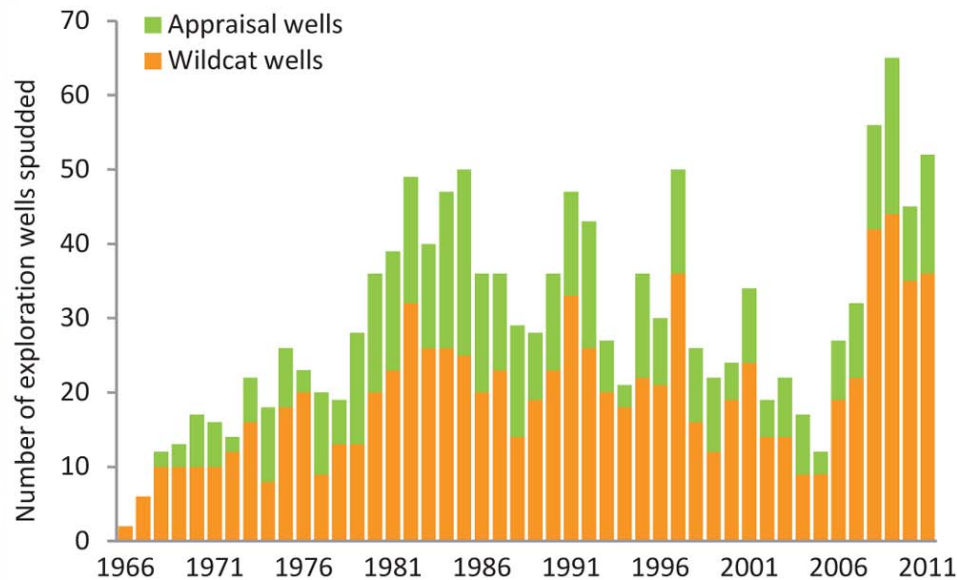
2011 – 1 (suspended)

2012 – nil

2013 - ????

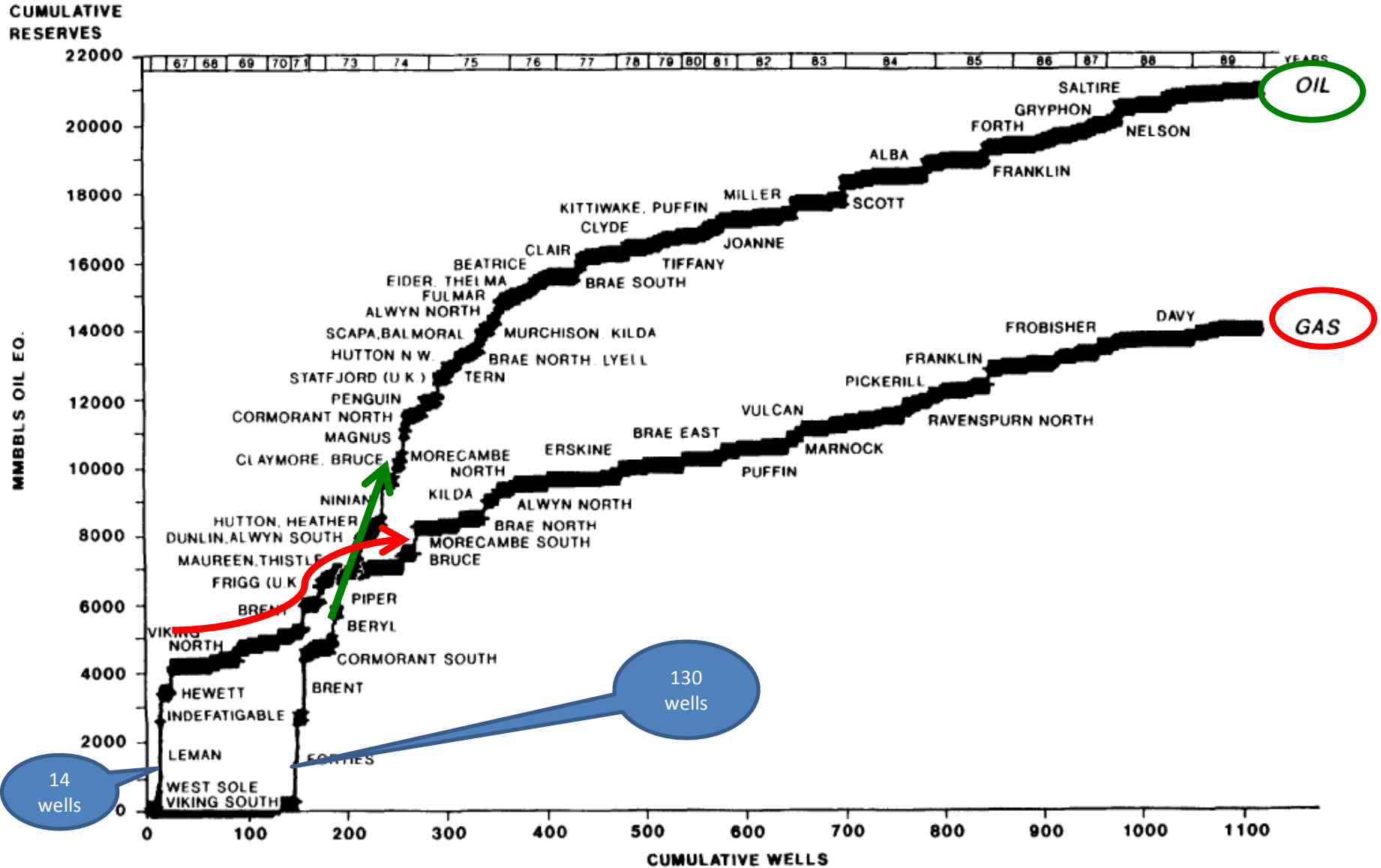
Total to date = 130

Total excl Taranaki = 27



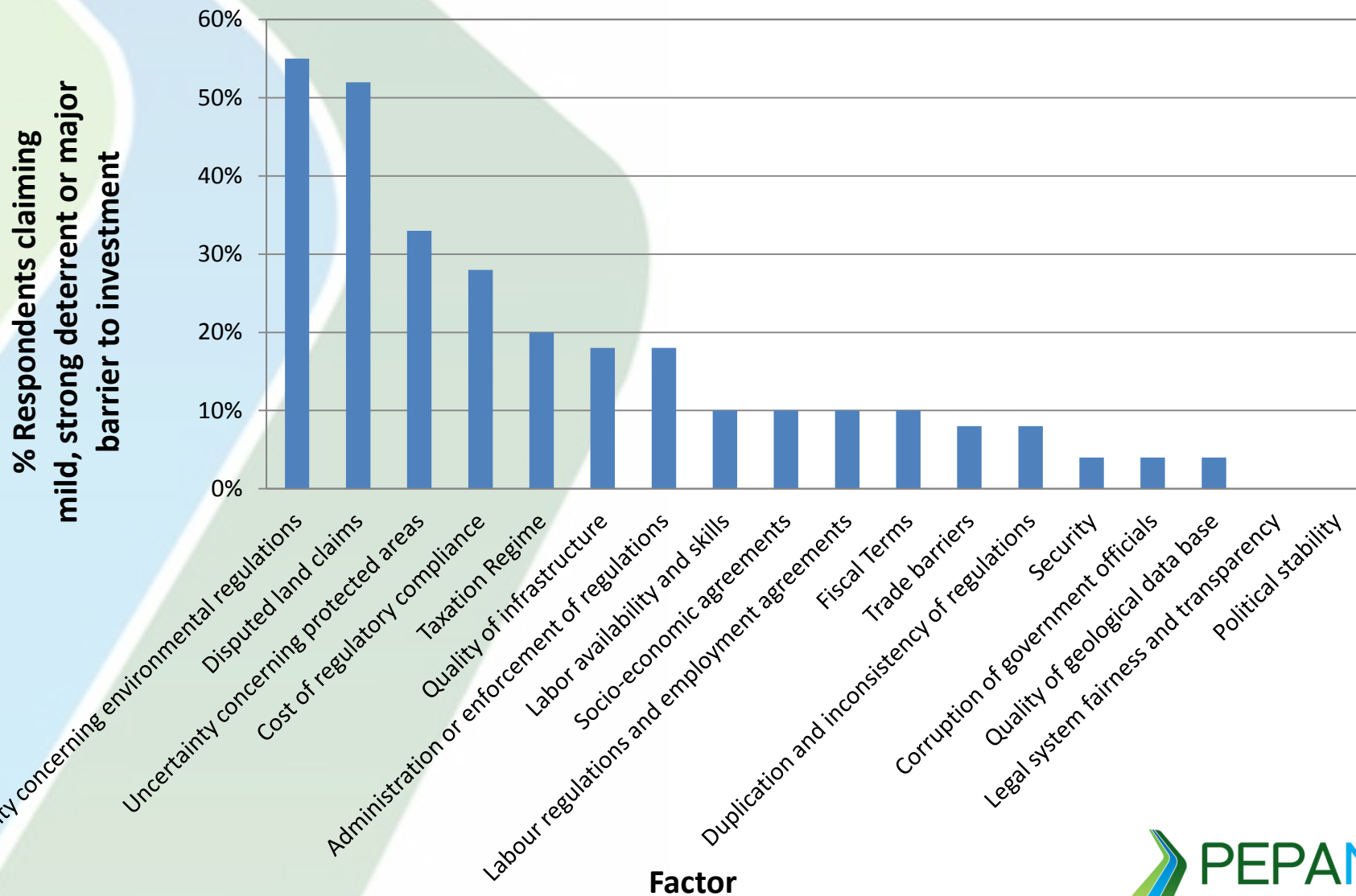
25 Years Of North Sea Exploration

JM Bowen, Geological Society, London, Memoirs 1991



Fraser Institute – Global Petroleum Survey 2012

NZ Deterrents to Investment



So where to from here?

PEPANZ

1. Promote transparency and open reporting from all members
2. Continue to engage in meaningful dialogue to raise the awareness of the benefits the industry can bring, particularly outside Taranaki
3. Working in partnership with Government to achieve our shared goals
4. Positioning the importance of the industry to New Zealand's future in the communities mind and how all New Zealanders benefit

So where to from here?

GOVERNMENT

1. Stable and workable environmental and health/safety legislative regime
2. Certainty of process and timing from approving agencies
 - both central and regional
3. Appropriate skilled resourcing of government and regional agencies
4. Resolution of outstanding Maori claims that are hindering access and discouraging investment
5. Improved blocks offer process
 - process, timeliness and coverage
6. Spatial exclusion zones around operating MODUs and seismic vessels
 - real consequences for breach of the exclusion zone
7. Joint industry / government task force to identify road blocks and barriers to implementing the National Energy Strategy.
Output = 90 day prioritised change management plan
8. Positioning the importance of the industry to New Zealand's future in the communities mind and how all New Zealanders benefit



Thank you

PEPANZ

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