

# Discovering Our Energy Future

**New Zealand Oil & Gas Limited**

Investor Presentation

06 May 2008

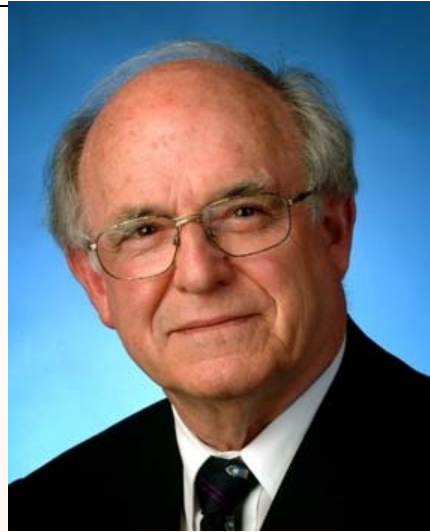


# The Board

Tony Radford Chairman



Ray Meyer Deputy Chairman



David Salisbury Manager Director



David Scoffham



Andrew Knight



Steve Rawson



Paul Foley



# The Team

Wellington based team:

Technical team with over 100yrs combined experience

Senior corporate staff



# 2007/08 – a good year so far...

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## Operational Achievements:

- Staff recruitment successfully completed
- Tui Oil Fields exceeding production estimates
- Kupe Project well advanced
- Pike River Coal floated
  - IPO oversubscribed, rights issue oversubscribed
  - NZOG retains a 31% stake
    - 83m shares, 11m options, 3m convertible notes
  - Board representation: 2 of 7 directors



# 2007/08 – a good year so far...

## Financial Achievements:

- Revenue to 31 March 08: NZ\$153.7m
  - Tui \$141.8m
  - Gain from float of Pike River \$11.2m
- Capital investment NZ\$84m (mostly Kupe)
- All funding requirements in place
  - No exposure to sub-prime turmoil
- Approx \$85m of accumulated losses used
- 5.0c dividend per ordinary share



# NZOG Success Story 1- Tui

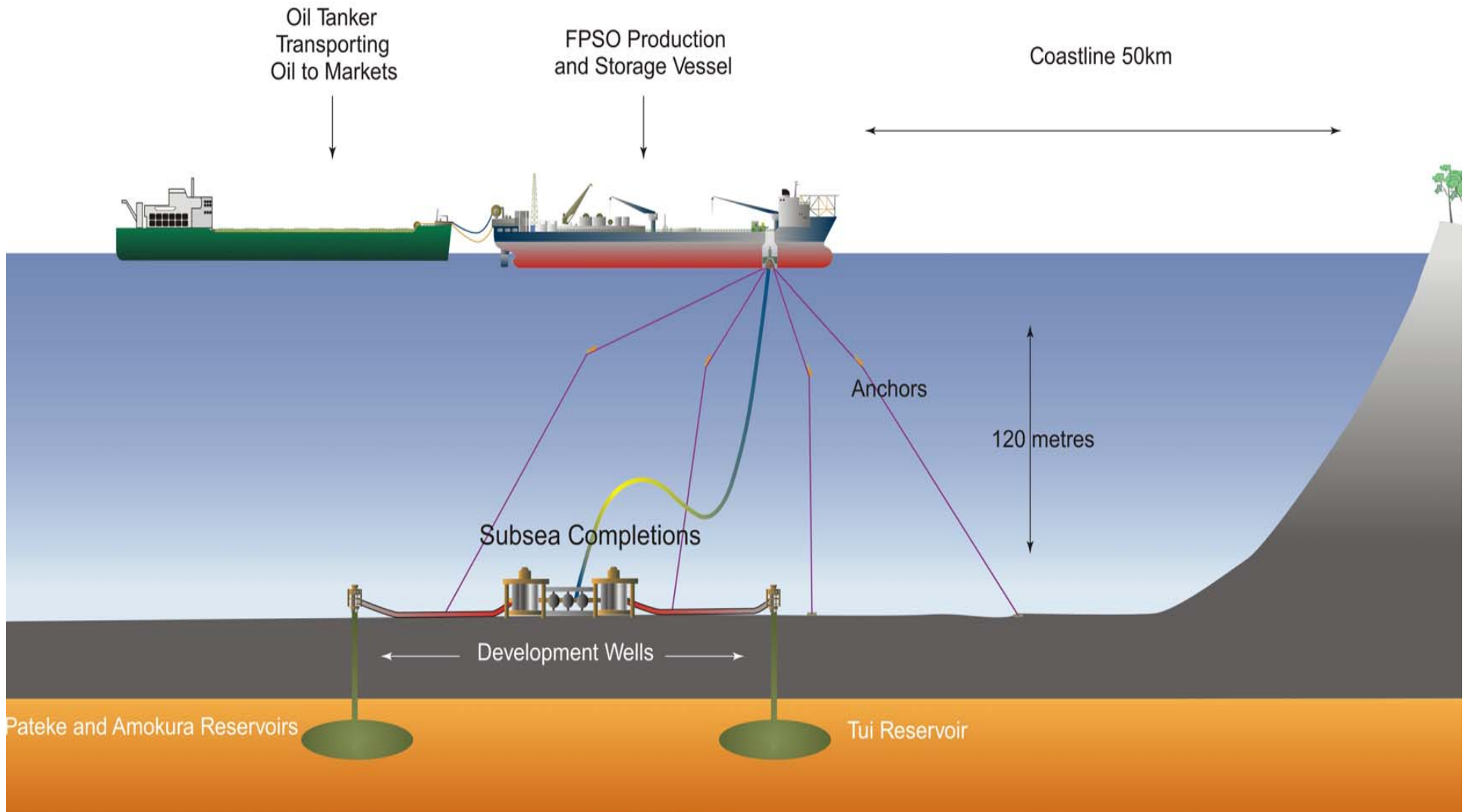
## Tui Area Oil Fields:

- 50 kms off the Taranaki Coast
- Discovered by NZOG and partners in 2003/04
- Investment decision Nov 2005
- NZOG a 12.5% JV partner
- Total development Capex US\$274 million
- Pre-production Proved and Probable (2P) Reserves estimate 27 mmbbls
- First production 30 July 2007

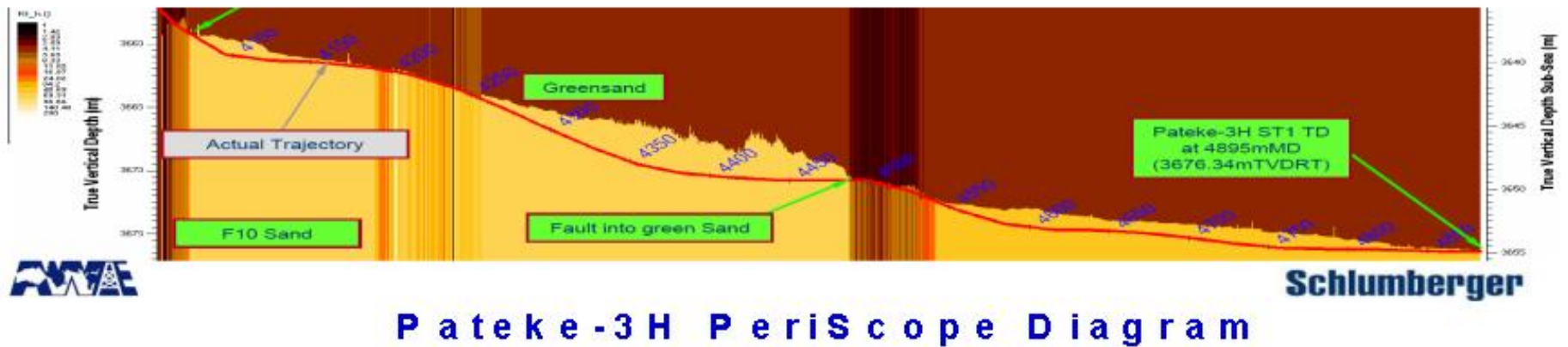
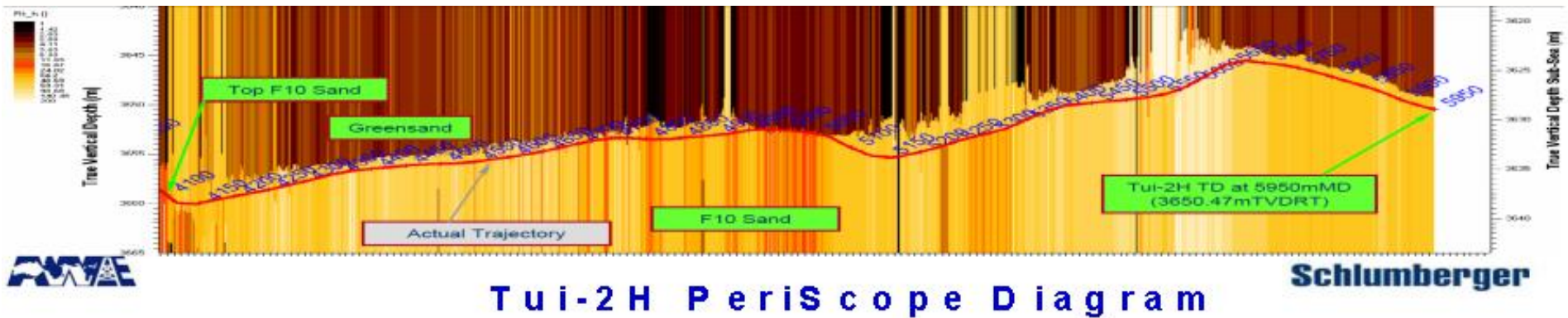




# Tui Area Oil Fields Development



# Tui – Horizontal Drilling



# Umuroa offloading

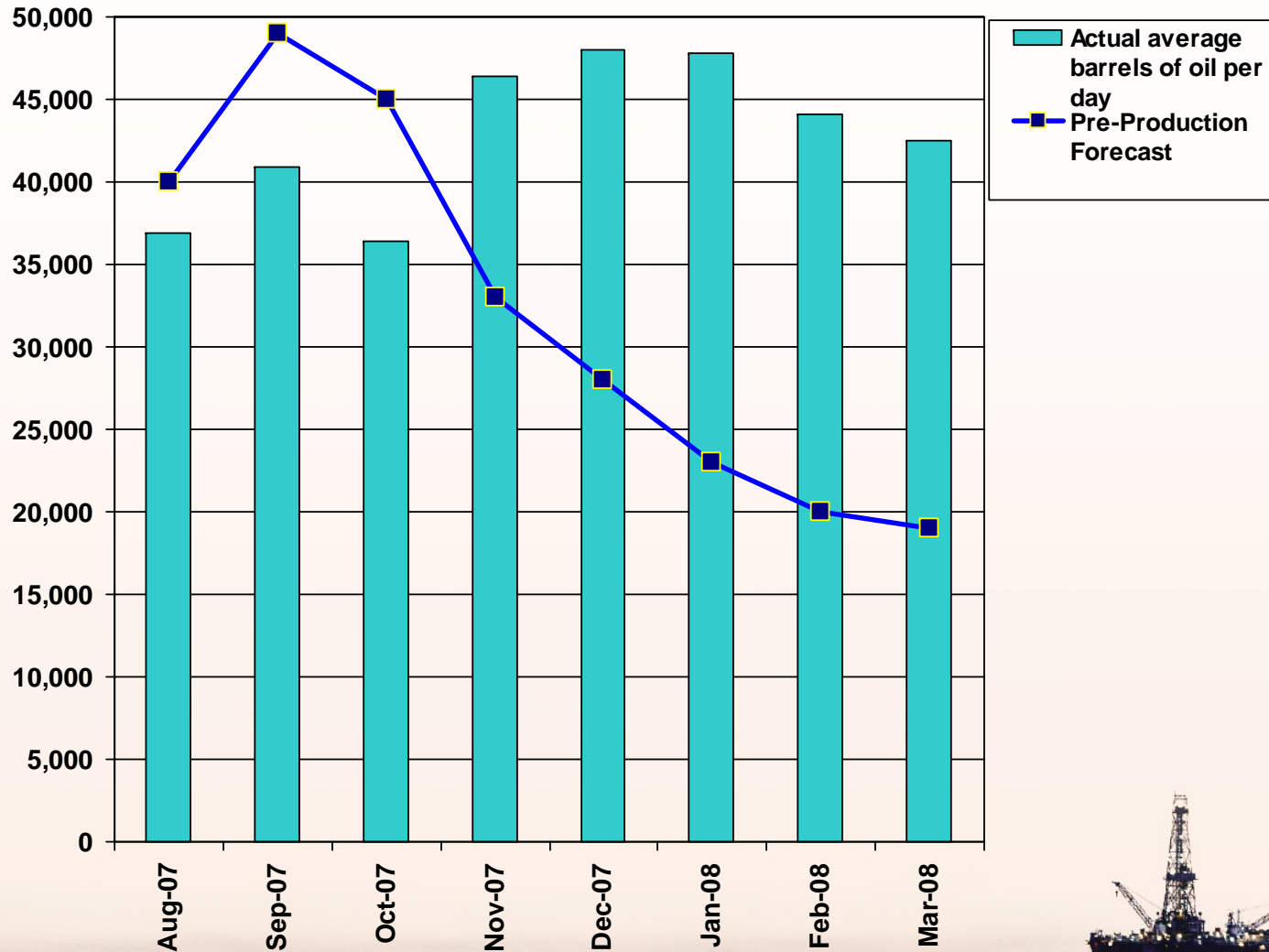


# NZOG Success Story 1- Tui

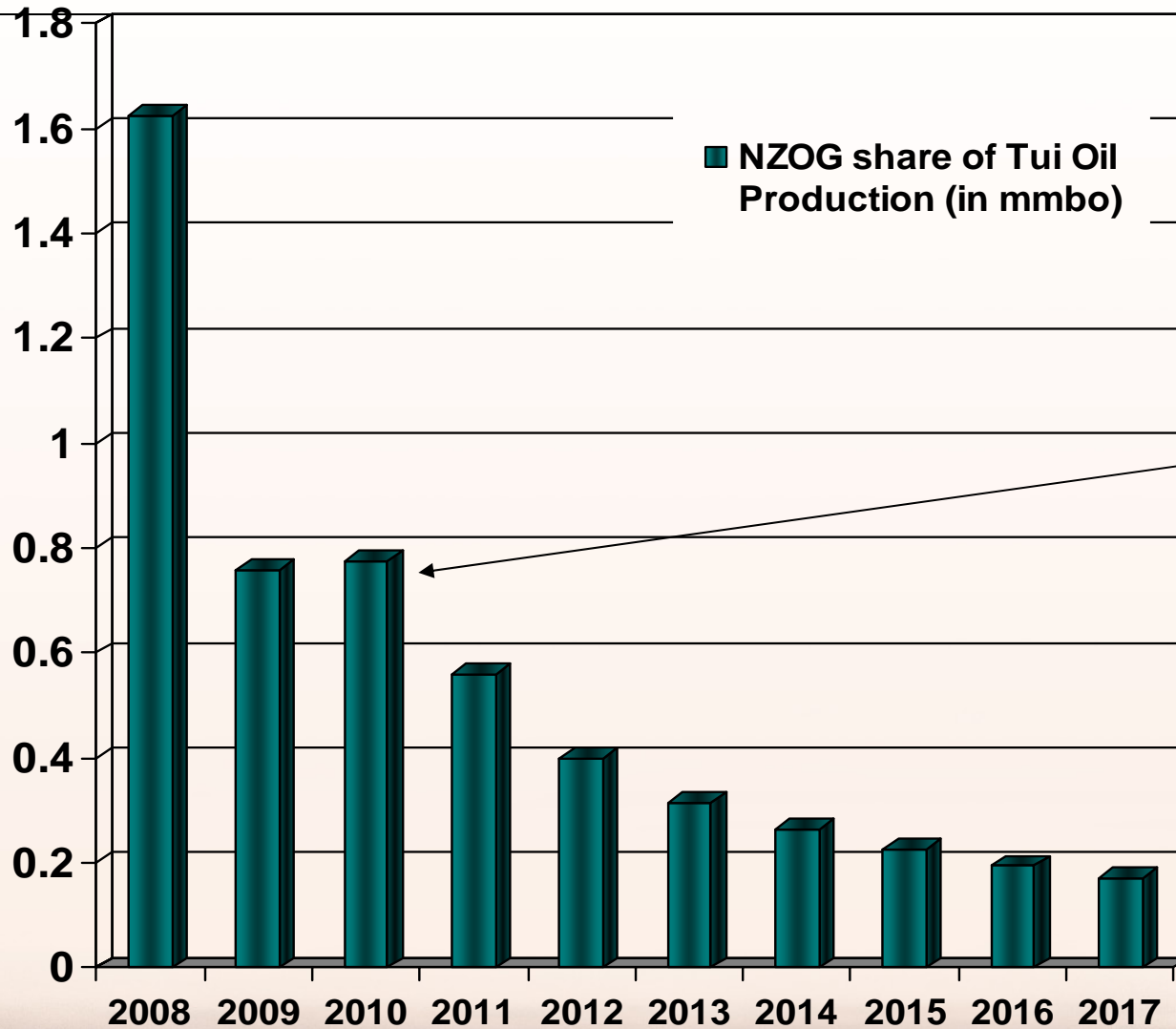
- NZOG's total Exploration & Development costs: \$52m
  - Project payback achieved in 4 and a half months
- Production rates exceeded forecasts
  - 2007/08 production forecast upgraded to 13 mmbbls
  - 12 mmbbls produced so far
  - NZOG share of production to date – 1.5 million barrels
- Proved & probable (2P) reserves 41.7 mmbbls
  - NZOG net interest 5.2 mmbbls
  - Another reserves review to be completed next month
- Opex significantly below US\$10 a barrel budget
  - FPSO 5 year lease US\$135m, 5 1-year rights of renewal
- Average net price per barrel to date approx US\$91



# Production: Tui Area Oil Fields



# Production: Tui Area Oil Fields



Additional well Tui 4H expected to be drilled in 2009/10



# NZOG Success Story 2 - Kupe

- Kupe Project:
  - Discovered by NZOG in 1986
  - Not economic during Maui era
  - Investment decision June 2006
  - Commercial production mid-2009
- NZOG a 15% JV partner:
  - Share of development costs approx \$165m
  - Share of 2P Reserves: 38PJ gas, 165,000 tonnes LPG, 2.2 mmbbls light oil



# NZOG Success Story 2 - Kupe

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- Project over two-thirds complete
  - Offshore platform installed
  - 30km offshore pipeline and umbilical laid
  - Batch drilling of three development wells in completion phase
  - Onshore Production Station well advanced
- Economics of Kupe have improved
  - Around two-third of value in the liquids
  - Genesis Energy long-term gas sales contract



# Kupe Project Schematic

## Kupe Wellhead Platform

- Unmanned platform (operated from Production Station)
- 3 wells at start-up
- Water depth - 35m
- No production facilities

LPG & Condensate export by road tanker

Sales Gas pipeline to Kapuni

Kupe Production Station

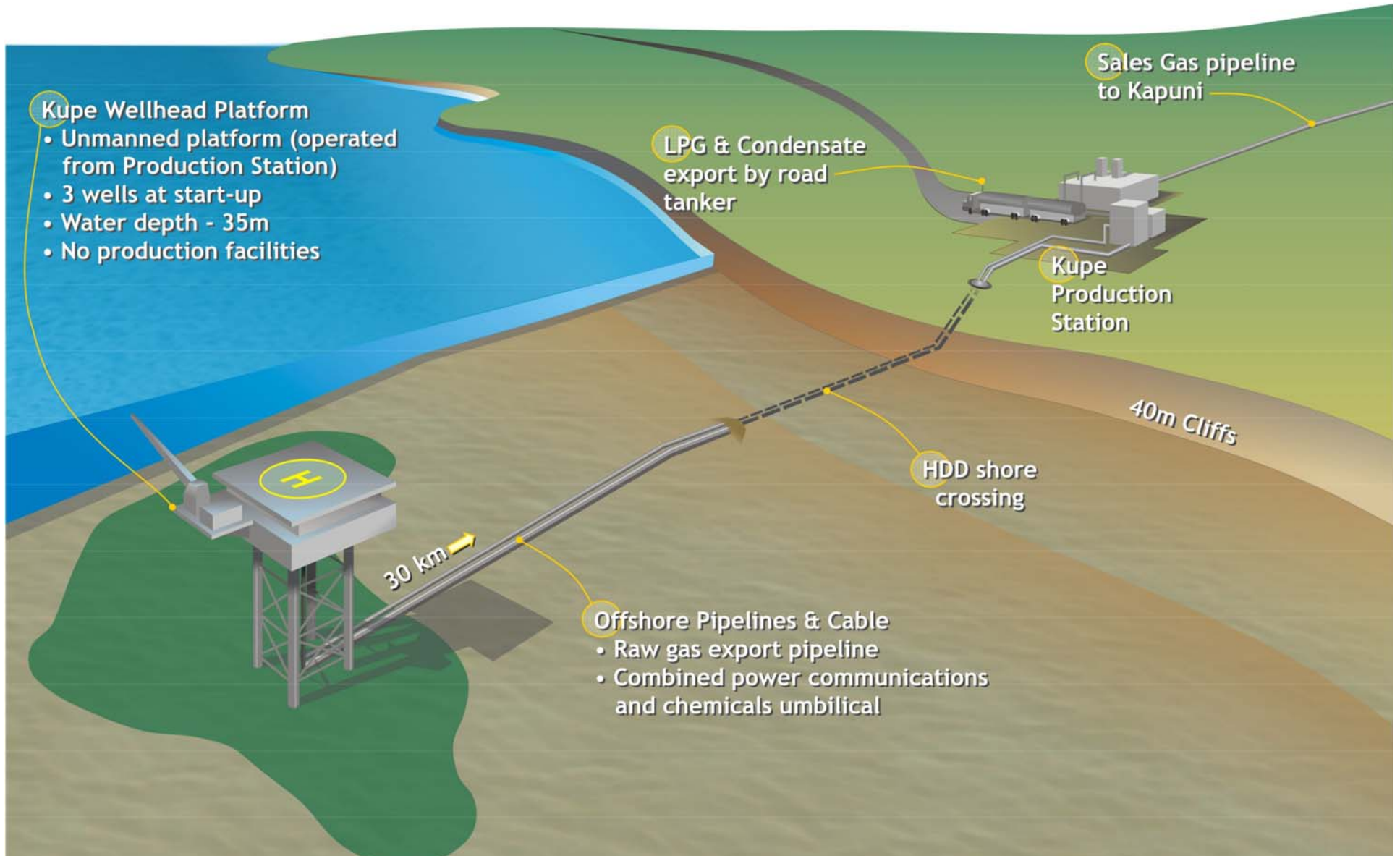
40m Cliffs

HDD shore crossing

30 km

## Offshore Pipelines & Cable

- Raw gas export pipeline
- Combined power communications and chemicals umbilical

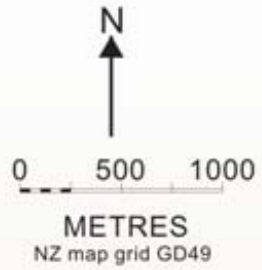






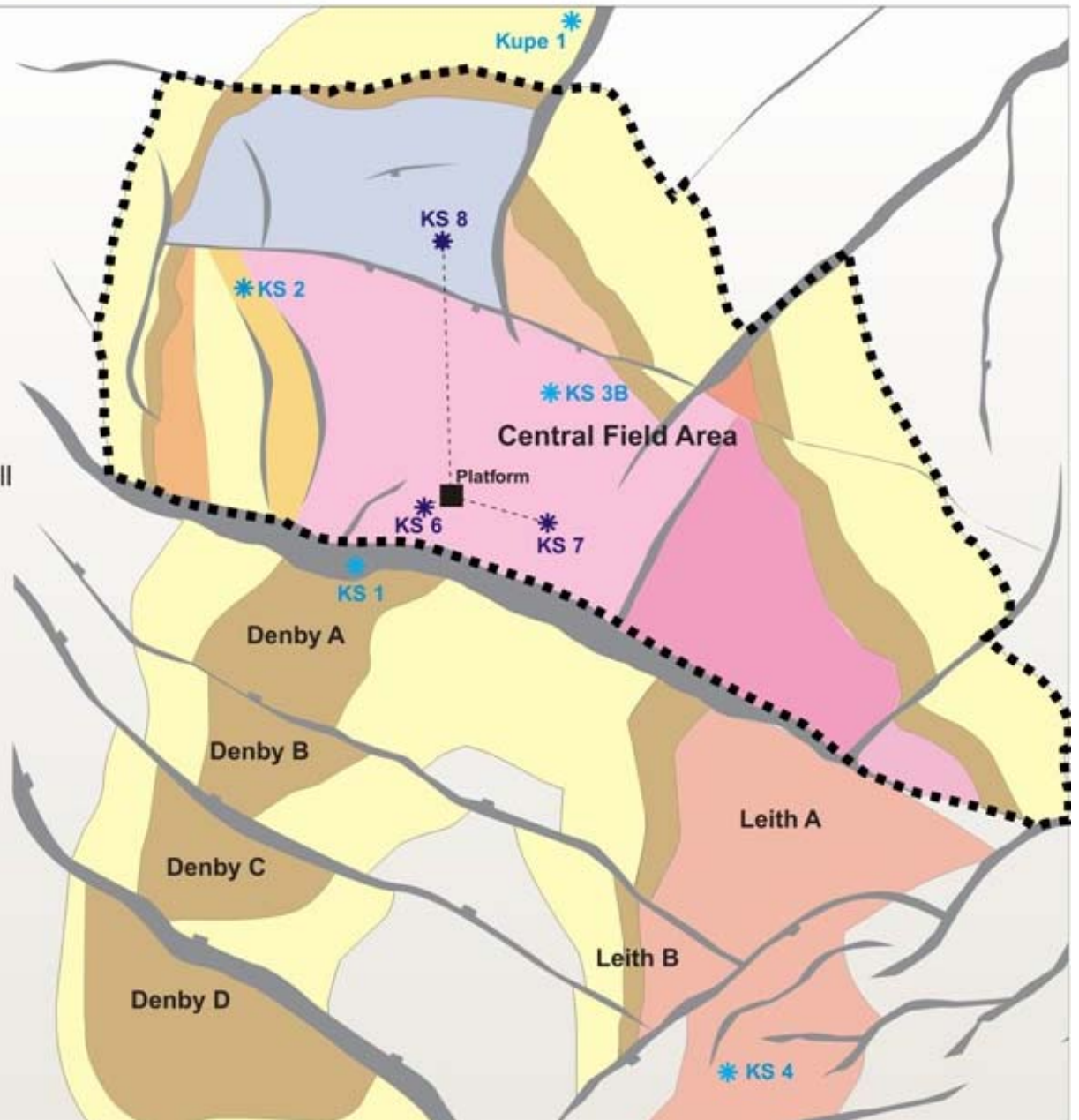


## Central Field Area of Kupe Development PML 38146

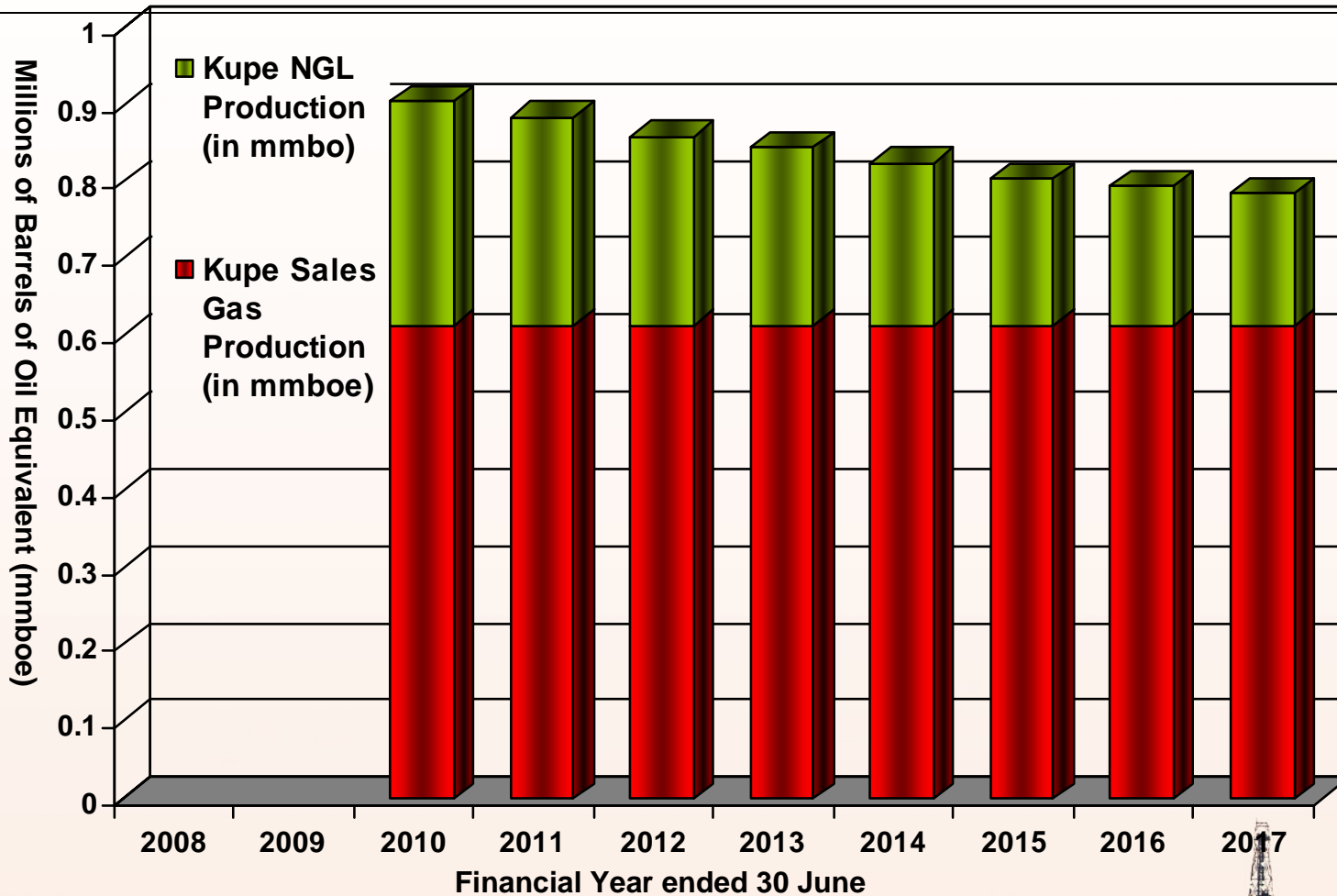


Drilling locations shown here are the approximate envisaged Top Farewell Formation intersections

- Existing wells
- First-round drilling
- CFA - Central Field Area



# NZOG 2P Kupe Reserves ~ 10.0 mmboe

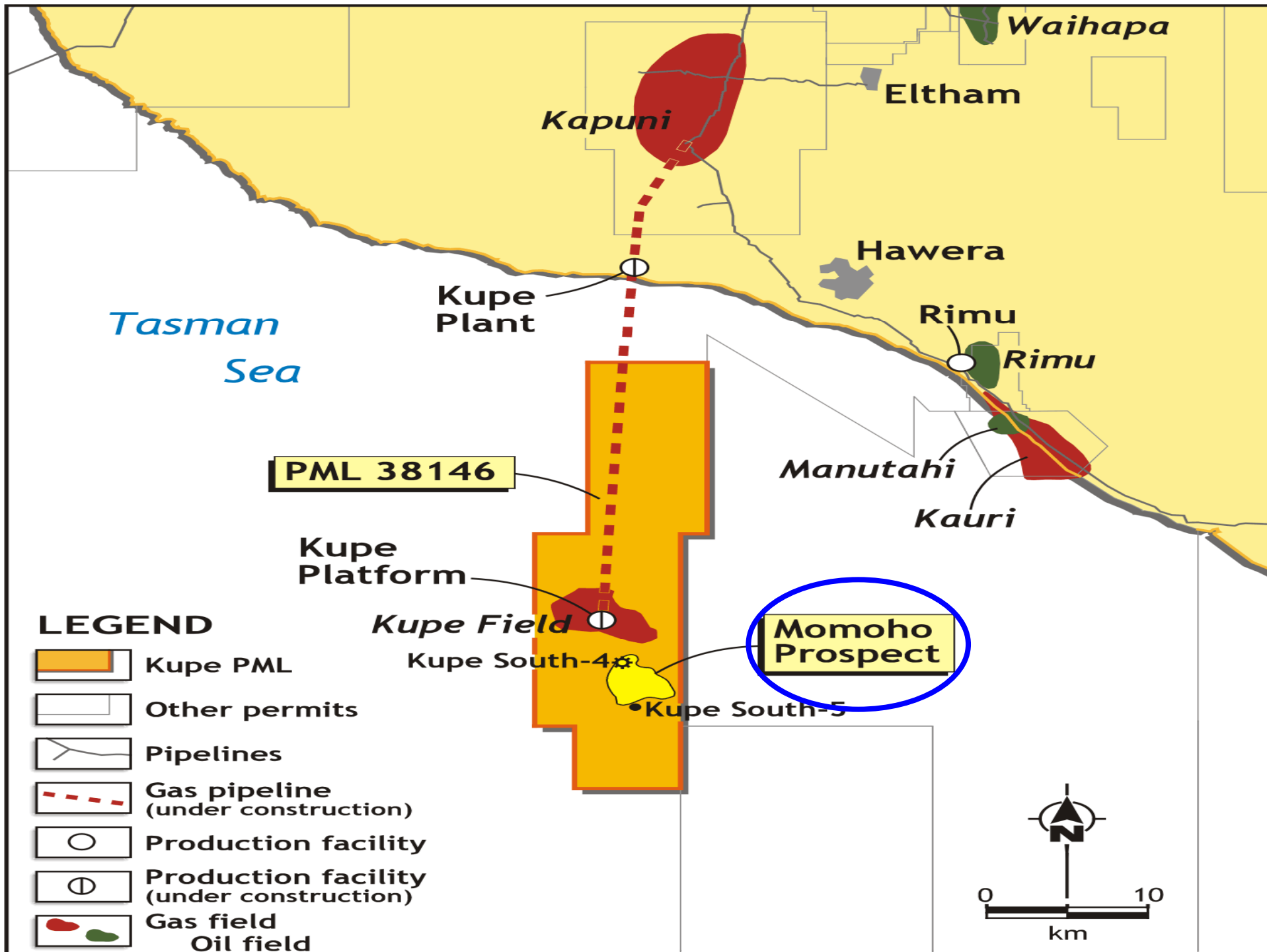


Source:

NZOG has calculated the approximate barrels of oil equivalent for Kupe production forecasts from the Kupe operator (Origin Energy).

→ Production expected to at least 2025





# Exploration: Taranaki Basin

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- Permit PML38146 (Kupe Area)
  - Momoho prospect to start drilling this month
- Permit PMP38158 (Tui Area)
  - Seismic data being remapped to better define leads such as Oi and Kahu. Drill-mature prospects could be targeted in 2009
- Permit PEP38499
  - Between Tui and Maui fields. Contains Toke, Matuku and Kakapo leads. Seismic data currently being processed. Targeting Tui 'look-alike' opportunities

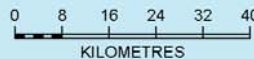
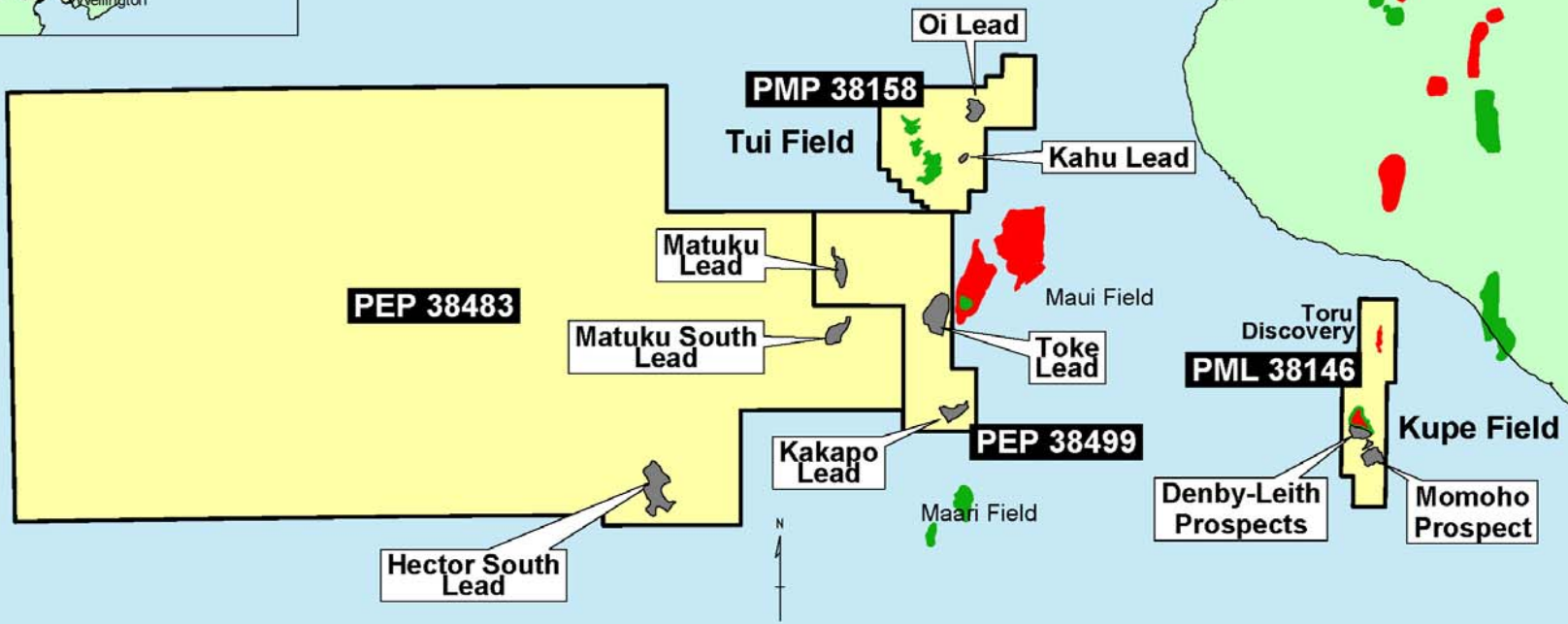




# NZOG Taranaki Basin Permits



- NZOG Permit
- Gas Fields
- Oil Fields
- Prospects and Leads



# A NZ Focus – why?

- The Global risks are accumulating:
  - Geopolitical instability
  - Concentration of existing reserves in a few hands
  - New oil & gas sources more difficult to access
  - Technology requirements increasingly complex
  - Human resources stretched
  - Massive infrastructure investment needed
  - Environmental constraints indeterminate
- New Zealand looking a better and better option...



# A NZ Focus – why?

- NZ relatively under-explored
    - Identified basins with good potential
    - Further resource potential in Taranaki
    - Bigger potential in frontier basins but high risk/costs
  - Technology advances open up new opportunities
  - NZ offers a safe, secure location
- = Excellent prospects for further NZ exploration
- BUT: NZ alone may not provide the scale that NZOG needs

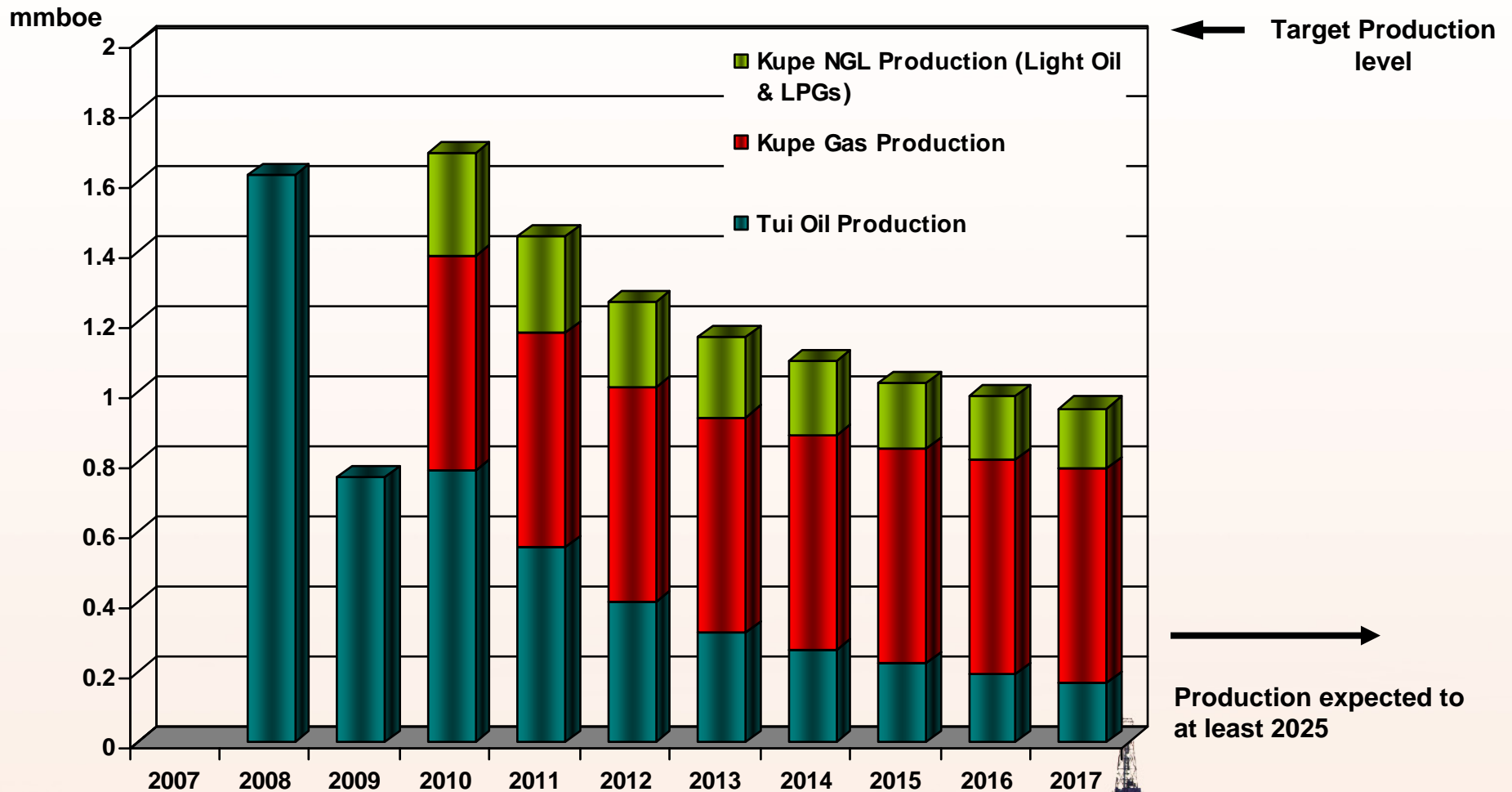


# NZOG's Plans for the Future

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- Board approved growth strategy
- Staffed and funded for growth
- Looking for opportunities:
  - exploration
  - asset purchase
  - corporate acquisition
- Ambitious but achievable 2012 targets:
  - Increase reserves to at least 25 mmboe
  - Increase production output to at least 2 million barrels per yr

# Production Forecast



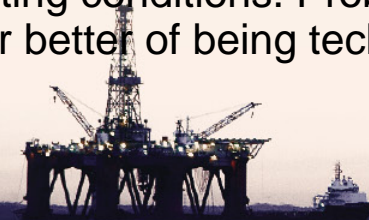
# Current Reserves

## NZOG Proved and Probable (2P) Reserves as at 01 May 2008

	Oil & Condensate (million barrels)	Natural Gas (petajoules)	LPG (kilotonnes)	Million Barrels of Oil Equivalent*
Tui (developed)	3.7			3.7
Kupe (undeveloped)	2.2	38	159	9.9
<b>Total</b>				<b>13.6</b>

\* Million barrels of oil equivalent has been calculated as the total oil equivalent of the oil, condensate (light oil), natural gas and LPG figures

Proven reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs, under existing economic and operating conditions. Probable reserves are defined as those which have a 50% chance or better of being technically and economically producible.



# Summary

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- Tui shows that E&P can be highly profitable for a NZ-based and focused company
- Worldwide hunt for oil & gas in ‘benign’ environments ensures interest in NZ
  - A local partner has much to contribute
- NZ has good remaining prospectivity
- NZOG resourced and actively pursuing a growth path



# Questions?

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