

Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister of Research, Science and Innovation

Associate Minister of Finance



Chuck Schooner

fyi-request-18300-eae42668@requests.fyi.org.nz

Ref: OIA22-004

Dear Mr Schooner

Thank you for your email of 25 January 2022 requesting the following under the Official Information Act 1982 (the Act) regarding oil exploration analysis:

Please provide any analysis done on doing ten years of oil exploration that New Zealand could complete and what this might do to alleviating the National Debt and enabling the New Zealand economy to bounce back.

Are there any moratoriums/signed contracts whereby New Zealand has signed away our access to the trillions of oil reserves around New Zealand. For example

- *by New Zealand entering agenda 2030 what countries if any have access to oil around the country*
- *are there any penalties associated with contractual agreements if New Zealand was to begin oil exploration*
- *what would be the tax take on oil exploration for ten years and the impact on oil prices for kiwis who have had there lives destroyed by this incompetent government.*

I have identified two documents that fall within scope of your request: the Cabinet Paper *Final policy decisions for tranche one of the Crown Minerals Act 1991 review*, and its Regulatory Impact Statement. Both of these documents can be found on the Ministry of Business, Innovation & Employment's (MBIE's) website via the following links:

- <https://www.mbie.govt.nz/assets/18e95c38ab/tranche-one-crown-minerals-act.pdf>
- <https://www.mbie.govt.nz/assets/1bad579c3a/regulatory-impact-analysis-proposed-changes-to-the-crown-minerals-amendment-act-1991.pdf>

Therefore, I am refusing your request under section 18(d) of the Act, as the information is publicly available.

However, I would like to provide some detail on the settings around how petroleum activities are regulated in New Zealand, which I believe may be of interest to you.

Under the Crown Minerals Act 1991 (the CMA), a permit is required to prospect, explore or mine for minerals that are part of the Crown Minerals Estate, including petroleum. MBIE is responsible for granting petroleum permits.

Records of all petroleum permits granted by the Crown can be accessed on the New Zealand Petroleum and Minerals' website, here: <https://www.nzpam.govt.nz/permits/online-permitting-system/>.

Exploration since 2012 has been facilitated by the annual block offer tender process. After nominations of land by industry, and a period of consultation with our Treaty partners, the block offer release area is confirmed and made available for applications in a public closed tender. This is not a financial tender. To be successful, bids must set out how the company proposes to explore its desired permit area (block), including the methods and technologies the bidder plans to use. Competing bids for the same area are ranked based on their information gathering value. Bids can be made by individual companies or joint ventures, and bidders must demonstrate sufficient technical, financial and HSE (health, safety and environmental) capabilities.

Bidders propose staged work programmes, comprising committed work activities followed by later, contingent (optional) stages of work. Staged work programmes may start with a series of studies and broad surveys of the permit area, followed by more expensive or focussed activities (for example, well drilling). At the same time, portions of the permit area found to be less prospective may be relinquished.

At any stage, a permit may be surrendered in full. All data generated by permit holders must be provided to the Crown, which improves our knowledge of the resource. If a petroleum discovery is made, the next step is for the permit holder to appraise the commercial feasibility of petroleum production (mining). If mining is feasible, a mining permit would be granted to produce the petroleum, subject to the permit holder meeting all relevant legislative requirements.

Moratoriums on Offshore Oil Exploration

In April 2018, the Government announced a new approach to managing Crown-owned petroleum exploration, aligned to its goal of transitioning New Zealand to a low-emissions economy. This included two commitments:

1. that there would be no further offshore exploration permits issued; and
2. that allocation of onshore exploration acreage would be limited to onshore Taranaki.

At the time, the Government also committed to three further Block Offers (Block Offers 2018, 2019 and 2020) for onshore Taranaki, followed by a review. When this occurred, MBIE carried out an analysis of the decision not to grant new offshore petroleum exploration permits. This analysis is the Regulatory Impact Statement available on the MBIE website (<https://www.mbie.govt.nz/assets/1bad579c3a/regulatory-impact-analysis-proposed-changes-to-the-crown-minerals-amendment-act-1991.pdf>).

This included a section that summarised the potential benefits and costs. No further analysis of the tax take on oil exploration and the impact on oil has been identified.

The paper that I took to Cabinet seeking agreement for this decision is the paper referred to earlier that is publicly available on the MBIE website (*Final policy decisions for tranche one of the Crown Minerals Act 1991 review*: <https://www.mbie.govt.nz/assets/18e95c38ab/tranche-one-crown-minerals-act.pdf>).

The prohibition on new offshore exploration permits preserved existing rights and privileges, enabling a continuation of existing work programmes of exploration, as well as work to develop existing fields.

Three offshore exploration wells have been drilled since 2018; two did not identify hydrocarbons, and the third requires further investigation to determine whether an economic accumulation has been discovered.

New Zealand's gas producers appear to be continuing to invest in developing our gas reserves with drilling programmes being undertaken under several permits and licences. Recent announcements around drilling planned by OMV demonstrate this, such as the significant campaign at Māui B.

New Zealand Oil and Gas Reserves

The latest updates to New Zealand's oil and gas reserves were published in July 2021. Gas reserves stood at 2,074 Petajoules (PJ) at 1 January 2021 up from 2,021PJ a year earlier which equates to approximately 10 years of gas supply remaining based on recent demand.

Reserves data is provided annually, with the next release due in July 2022. Details can be found here: <https://www.nzpam.govt.nz/about/news/petroleum-reserves-data-released/>.

I trust you find this response helpful. However, you have the right to seek an investigation and review by the Ombudsman of my decision to refuse your request, in accordance with section 28(3) of the Act. The relevant details can be found at: www.ombudsman.parliament.nz.

Warm regards

A handwritten signature in blue ink, appearing to read 'M. Woods', with a stylized flourish at the end.

Hon Dr Megan Woods
Minister of Energy and Resources