



NEW ZEALAND
OIL & GAS

Quarter ended 31 December 2022

New Zealand Oil & Gas Quarterly Report

ASX:NZO | NZX:NZO

Quarter Highlights

- L7 & EP 437 Farm in
- PV-12 Production online – increase daily production rate by 170%
- Gas prices continue to reflect strong market conditions
- New gas sales agreement signed

Highlights



Mt Horner within the L7 Permit, Perth Basin.

Shortly after the quarter end, New Zealand Oil & Gas announced that it had entered into a binding agreement with ASX-listed energy company, Triangle Energy [Global] Ltd [ASX:TEG], to acquire a 25% participating interest in Western Australian onshore Production License L7 and Exploration Permit EP 437. The deal offers the Company a low-cost entry into the area and will involve the drilling of three exploration wells, set to begin in 2024. The Farm in is contingent upon final due diligence and regulatory approvals. See our release [here](#).

In the Amadeus basin, the tie-in of the Palm Valley 12 well [PV-12] to the production facilities was completed. At the end of the quarter the new well was producing at approximately 9.5TJs per day with field capacity increased to approximately 14TJs per day. See our release [here](#).

A new Gas Supply Agreement was signed late in the quarter with South32 Cannington Pty. Ltd. This covers the supply of gas from the Mereenie field for a two-year term starting 1 January 2023 and sees the delivery of 2.1 Petajoules of gas [100% Joint Venture] into the East Coast domestic market.

Notional Activities Timeline

This table summarises timelines of expected enhancement activities including the proposed Farm in.

Asset	2023	2024	2025
Existing Permits	Kupe	Development: well	
	Mereenie	Development: 6 re-completes & 2 infill wells	Potential Stairway Exploration
	Dingo	Development: Dingo Compressor	
Proposed New Permits	L7	2 Exploration wells	
	EP 437	Seismic interpretation	1 Exploration wells

Note: all activities subject to further approvals.

● M&A ● Development ● Exploration

Company Matters

Employee changes: The Company would like to express its gratitude to Dr. Chris McKeown, our Vice President of Business Development who has recently resigned, for his dedicated service and valuable contributions to the Company over the past ten years. His last day will be in April 2023, and we wish him all the best in his future endeavours.

We are excited to welcome Alan Clare to the executive management team in the position of General Manager Exploration and Appraisal. Alan will be joining the team in March 2023. He started his career with Esso Australia in 1989 after graduating from Macquarie University with a BSc Hons [Earth Science] and later an MSc from the University of NSW. Alan has worked in the energy sector for over 33 years in Australia, UK, USA, China, Egypt and NZ having held both technical and managerial roles with ConocoPhillips, Apache and OMV. He has a passion for exploration, development, and a keen interest in geothermal. Alan’s role replaces the New Venture Manager role that Bernice Herd held until her departure in October 2022 and will encompass management of exploration and appraisal activity; leading the geoscience team; as well as new ventures and business development.

Registry changes: From 7 November the management of New Zealand Oil & Gas Limited ordinary shares moved from Computershare Investor Services Limited, located in New Zealand, to Computershare Investor Services Pty Limited Australia.

Scope 2 emissions Update

In the last Annual Report, we provided a combination of actual and estimated emissions, and therefore the intensity factor. Now that all actual data is available, we are able to provide an updated scope 2 emissions for FY22. The numbers reflect the actual data, and we are pleased to report a reduction in both our emissions and intensity factor.

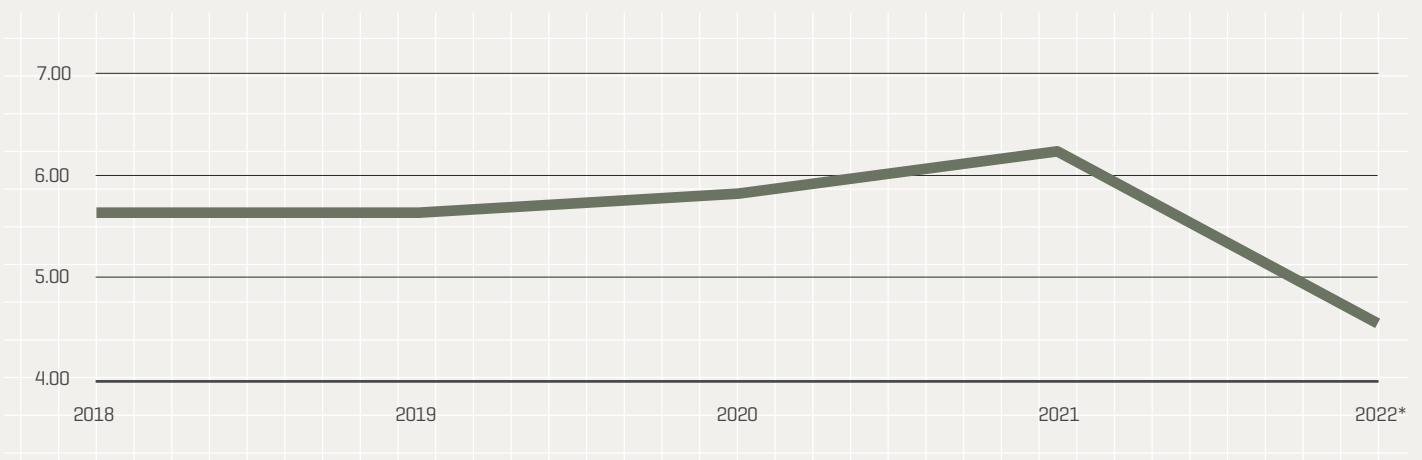
While New Zealand Oil & Gas production increased nearly four-fold during the year, thanks to the acquisition of producing Amadeus basin assets in Australia's Northern Territory, emissions intensity (tonnes of CO₂ emitted per terajoule of energy) reduced to 4.54.

Financial Year	NZOG Emissions (tCO ₂ e)	TJs Sold	Intensity Factor (tCO ₂ e per TJ)
2018	6,166	1,097.67	5.62
2019	5,670	998.11	5.68
2020	5,529	950.87	5.81
2021	5,728	919.72	6.23
2022*	15,601	3,438.21	4.54

*Note that these figures include emissions from the Amadeus basin assets which are for a nine month period (aligned with the period we owned the assets), and are provided by Central Petroleum Limited as Operator of those assets and are unaudited.

Note that New Zealand Oil & Gas emissions excludes Cue Energy figures.

Intensity factor [tCO₂e per TJ]

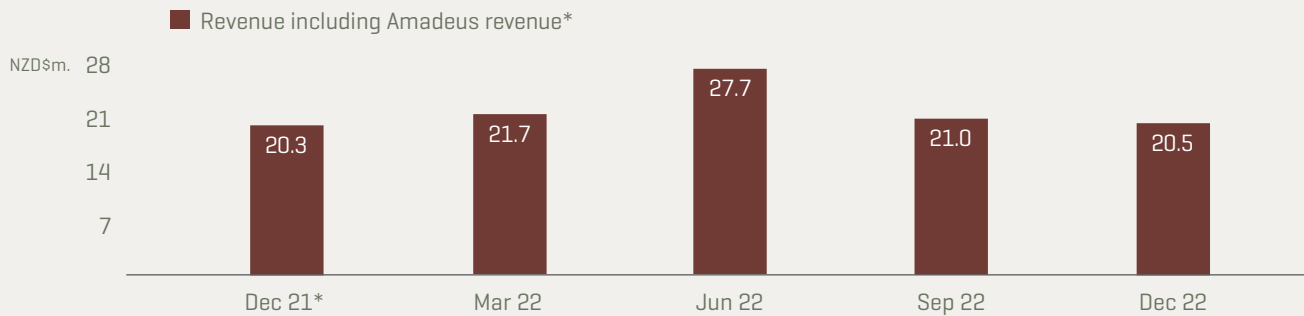


Financial Performance

The cash balance of NZ\$27.7 million at 31 December 2022 is down NZ\$18.0 million on the prior quarter reflecting PV- 12 drilling at the Amadeus basin and lodgment of environmental bonds with the Northern Territory Government. Cue contributes NZ\$12.1 million to the current cash balance. The cash balance excludes NZ\$3.8 million held on term deposits greater than 3 months.

Production receipts of NZ\$20.5 million, a decrease of NZ\$0.5 million on the prior quarter, are down due to the planned shutdown at Kupe, a production curtailment at Mereenie from the temporary closure of the Northern Gas Pipeline (NGP), offset by timing of oil lifting receipts. The PV-12 drilling costs were NZ\$13.1 million in the quarter plus payment of the deferred consideration of NZ\$8.8 million (representing the agreed carry of the PV-12 well for Central Petroleum). The deferred consideration balance remaining at 31 December 2022 is NZ\$3.6 million.

With the strengthening of the New Zealand dollar in the quarter, a foreign exchange loss of NZ\$1.8 million is recognised.



*December 2021 Amadeus revenue includes November and December receipts post-completion of the acquisition transaction, and indicative October receipts of \$2.0m received as part of the completion adjustment on 1 Oct 2021.

Production

FIELD		Total field this quarter (gross)	Our share previous quarter [net]	Our share December 2022 [net]
Kupe Taranaki, New Zealand	Oil Barrels	95,351	5,407	3,814
	Gas Petajoules	3.89	0.22	0.16
	LPG Tonnes	16,586	938	663
	Production receipts NZ\$m		4.3	2.2
Maari* Taranaki, New Zealand	Oil Barrels	373,952	17,377	18,698
	Production receipts AU\$m		0	3.5
Sampang* Java, Indonesia	Oil Barrels		469	517
	Gas Petajoules		0.25	0.27
	Production receipts AU\$m		2.2	3.0
Mahato* Sumatra, Indonesia	Oil Barrels		25,359	25,420
	Production receipts AU\$m		2.5	4.0
Mereenie** Amadeus, NT, Australia	Oil Barrels	30,724	9,138	7,681
	Gas Petajoules	2.25	0.66	0.56
Palm Valley** Amadeus, NT, Australia	Gas Petajoules	0.68	0.26	0.34
Dingo** Amadeus, NT, Australia	Gas Petajoules	0.29	0.19	0.14
Amadeus Basin	Production receipts AU\$m.		9.4	6.3
Total production receipts NZ\$m equivalent.			21.0	20.5

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

** The share indicated is for New Zealand Oil & Gas Group including Cue's full interest

Australia

Mereenie (OL4 & OL5)

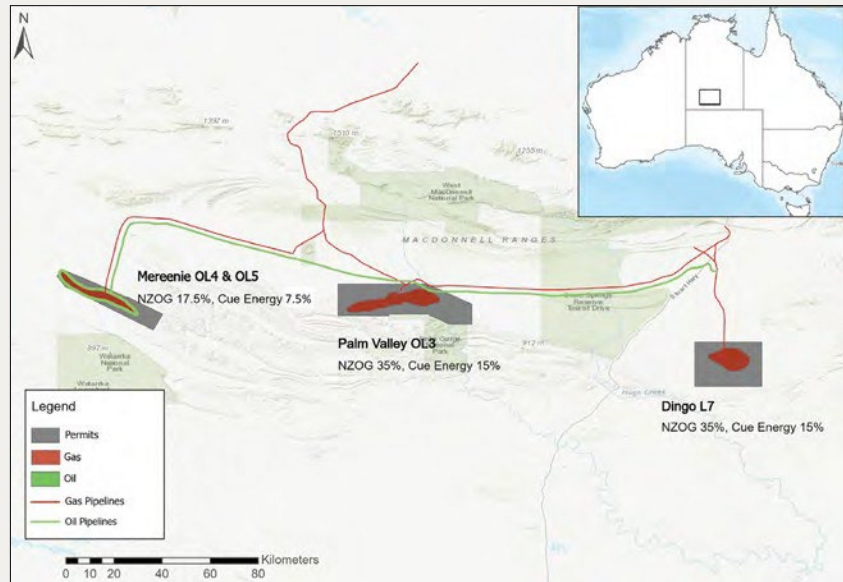
- 17.5% New Zealand Oil & Gas
- 7.5% Cue Energy Resources*
- 50% Macquarie Mereenie
- 25% Central Petroleum (Operator)

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)



As previously advised, the NGP was shut down from 7 September 2022. Due to this temporary closure, gas production was affected, resulting in an approximately 6% decrease in comparison to the previous quarter. The NGP resumed operations in mid-December, which coincided with the successful tie-in of the PV-12 well. Consequently, gas sales to the East Coast market have resumed. Dingo production remained steady, with fluctuations consistent with seasonal demand patterns.

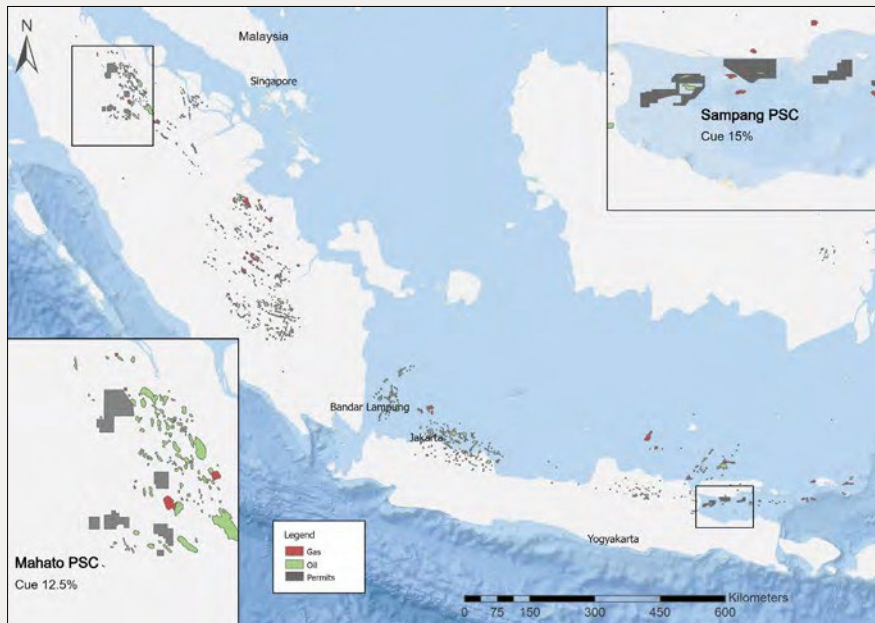
At the beginning of the quarter, total depth of 3,039 meters was successfully reached at the PV-12 well, which has now been tied-in to the production facilities. At the end of the quarter, PV-12 was producing at a rate of approximately 9.5TJ per day. The addition of PV-12's production to existing Palm Valley production has significantly increased field capacity to approximately 14TJ per day.

During the quarter, the Australian Government introduced gas price controls limiting new contract sales to A\$12 per GJ. These measures do not impact the Company's existing gas sales agreements.

Planning continues at Mereenie to further increase gas production. A program of up to six recompletions is subject to Joint Venture (JV) approval and is expected to be undertaken mid-2023. Additionally, planning is underway on drilling two new infill development wells at Mereenie later this year.

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Indonesia



Sampang PSC

15% Cue Energy Resources*

Medco Energi Sampang Pty Ltd [Operator]

Gas production from the Oyong and Wortel fields continued to perform to expectations during the quarter, with combined gross gas production slightly higher than last quarter due to demand fluctuations. Revenue received was consistent with the previous quarter.

The Paus Biru development Final Investment Decision (FID) by the joint venture is still pending government approval of the commercial terms of the gas sales and other incentives requested by the joint venture.

The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27km subsea pipeline connecting the well to existing infrastructure at the Oyong field. Subject to final approvals, gas production from Paus Biru is expected to commence by 2025 at a rate of 20-25 mmcf/d.

Mahato PSC

12.5% Cue Energy Resources*

Texcal Mahato EP Ltd [Operator]

Oil production net to Cue from the PB field during the quarter was consistent with the previous quarter. Two new development wells, PB-10 and PB-19 were completed during the quarter. PB-19 achieved initial production rate of 800 barrels of oil per day. The PB-10 development well was successfully drilled prior to PB-19. Production from the well has not performed as expected and a workover is planned to improved oil production levels.

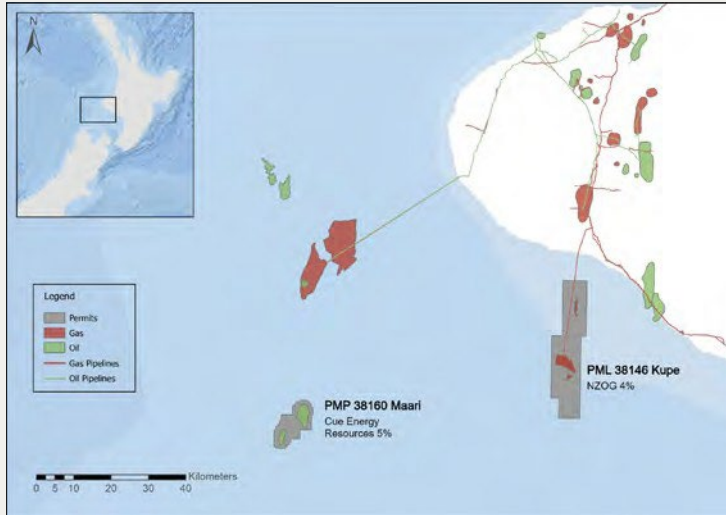
PB-11 was drilled during January 2023 and is currently preparing for production testing. The PB-03 production well remains shut-in for downhole equipment repairs and maintenance.

Under the current development plans, 20 production wells and three injection wells are approved for the PB field. There are currently 13 oil production wells and one water injection well in the field. The remaining 9 wells are expected to be drilled at a rate of approximately one per month over the next year.

Exploration in the Mahato PSC is preparing to recommence with exploration well BA-01, expected to be drilled during the current quarter, subject to environmental clearances. BA-01 is located in the northern section of the PSC, independent of the producing PB field. The well aims to test the presence of hydrocarbons in the BA prospect, with a primary target of the Miocene-age Telisa Formation sandstone reservoir at a depth of 900ft and a secondary target of the Menggala Formation, expected at approximately 2500ft. Both targets are producing reservoirs in the Central Sumatra Basin.

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New Zealand



Kupe oil and gas field [PML 38146]

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

The Kupe field continues to produce at current maximum field capacity following natural well decline with demand for gas remaining strong. Production volumes at Kupe were lower than the previous quarter by approximately 30%, due to a planned 21-day shutdown in November 2022 for the four-yearly statutory integrity inspection of the amine system and the first annual statutory inspection of the new inlet compressor.

Opportunities to increase field production continue to be investigated.

During the quarter, subsurface analysis, planning and regulatory activities continued regarding the potential drilling of the KS-9 infill and development well. The JV is targeting spud date for the KS-9 well later this year, subject to regulatory approval and rig access. The well aims to return the Kupe gas plant's capacity to around 77 TJ per day.

Maari and Manaia oil fields [PMP 38160]

5% Cue Energy Resources*

69% OMV New Zealand [Operator]

Gross oil production for the quarter averaged 4,065 bopd, higher than the previous quarter due to the continued good performance of producing wells and the water injection system.

The MN1 production well remains shut-in. Workover operations continued during the quarter, and the well successfully started before a downhole fault stopped the well in late December. Troubleshooting to find the issue is currently being undertaken.

MR6a remained offline, with further well intervention work being planned.

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Quarterly Activities Report, for quarter ended 31 December 2022.

Authorised for publication on behalf of the Board by Andrew Jefferies, Managing Director.

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