



NEW ZEALAND
OIL & GAS

Quarter ended 30 September 2022

New Zealand Oil & Gas Quarterly Report

ASX:NZO | NZX:NZO



Quarter Highlights

- Gas flowing in Palm Valley PV-12 flow tests.
- New Gas Supply Agreement with Shell Energy Australia for supply of gas from the Mereenie field.



FLARING AT PV-12 DURING FLOW TESTING.

Flow testing confirmed the presence of commercial quantities of gas in the Palm Valley 12 (PV-12) sidetrack 2 (ST2) in the Amadeus Basin, in Australia’s Northern Territory.

Following on from the PV-12 Deep well and sidetrack 1 (ST1), the PV-12 ST2 sidetrack was drilled to a total depth of 3,039m measured depth after quarter end, on 8 October 2022. ST2 targeted the P1 interval that produces gas at Palm Valley.

Flow testing is conducted to allow the quantity of gas and performance of the reservoir to be estimated by recording flow pressures while a choke is varied.

During flow testing at PV-12, gas was recovered to surface at rates of up to 11.8mmscf/d. The well has not been hydraulically stimulated. Information from further flow testing will be analysed and updated reserves estimates will be published when confirmed.

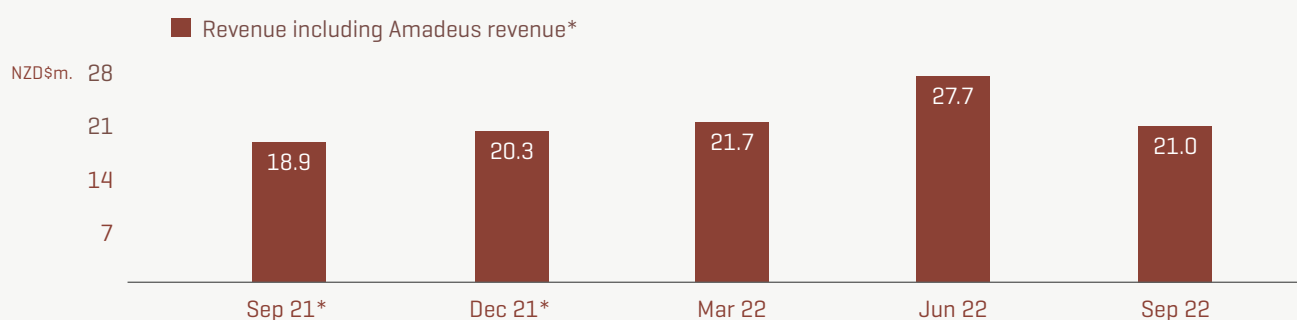
Meanwhile, in September, New Zealand Oil & Gas signed a new Gas Supply Agreement with Shell Energy Australia [Shell] for supply of 0.64 PJ of Mereenie field gas over one year from 1 January 2025. Gas supplied under the GSA will be aggregated with gas from the Mereenie Joint Venture [Macquarie (50%), Central Petroleum (25%), New Zealand Oil & Gas (17.5%) and Cue (7.5%)] to deliver up to a combined total of 3.65 PJs to Shell over the one-year term, commercialising a portion of existing Mereenie uncontracted gas production for the year. The fixed price take-or-pay contract reflects strong market conditions.

FINANCIAL PERFORMANCE

The cash balance of NZ\$45.2 million at 30 September 2022 is down NZ\$19.4 million on the prior quarter reflecting the costs of the PV-12 drilling at Amadeus. The cash balance is down \$21.6 million on the prior year, primarily due to the acquisition of the Amadeus assets and PV-12 drilling cost, offset by the capital raise in May 2022. Cue contributed NZ\$15.9 million to the current cash balance. The cash balance excludes NZ\$3.9 million held on term deposits greater than 3 months.

Revenue decreased by NZ\$6.7 million on the previous quarter due to timing of oil lifting receipts. Revenue increased NZ\$9.1 million when compared to the same quarter in the prior year with the inclusion of Amadeus revenues of NZ\$10.5 million. PV-12 drilling costs were NZ\$10.0 million in the quarter plus deferred consideration of NZ\$11.3 million, representing the agreed carry of the PV-12 well for Central Petroleum.

With the weakening of the NZ dollar, a foreign exchange gain of NZ\$1.1 million was recognised in the current quarter, with NZ\$1.7 million gain on the prior year.



*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. The September 2021 quarter includes indicative Amadeus revenues of NZ\$6.9m. These revenues were passed to the New Zealand Oil & Gas Group as part of the completion adjustment on 1 October 2021.

FIELD		Total field this quarter [gross]	Our share previous quarter [net]	Our share September 2022 [net]
Kupe Taranaki, New Zealand	Oil Barrels	135,183	6,092	5,407
	Gas Petajoules	5.51	0.24	0.22
	LPG Tonnes	23,461	1,036	938
	Production receipts NZ\$m		4.6	4.3
Maari* Taranaki, New Zealand	Oil Barrels	347,542	18,468	17,377
	Production receipts AUD\$m		4.1	0
Sampang* Java, Indonesia	Oil Barrels		636	469
	Gas Petajoules		0.32	0.25
	Production receipts AU\$m		3.1	2.2
Mahato* Sumatra, Indonesia	Oil Barrels		20,744	25,359
	Production receipts AU\$m		4.5	2.5
Mereenie** Amadeus, NT, Australia	Oil Barrels	36,551	9,211	9,138
	Gas Petajoules	2.64	0.70	0.66
Palm Valley** Amadeus, NT, Australia	Gas Petajoules	0.52	0.26	0.26
Dingo** Amadeus, NT, Australia	Gas Petajoules	0.38	0.17	0.19
Amadeus Basin	Production receipts AU\$m.		9.3	9.4
Total production receipts NZ\$m equivalent.			27.7	21.0

* 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

Mereenie (OL4 & OL5)

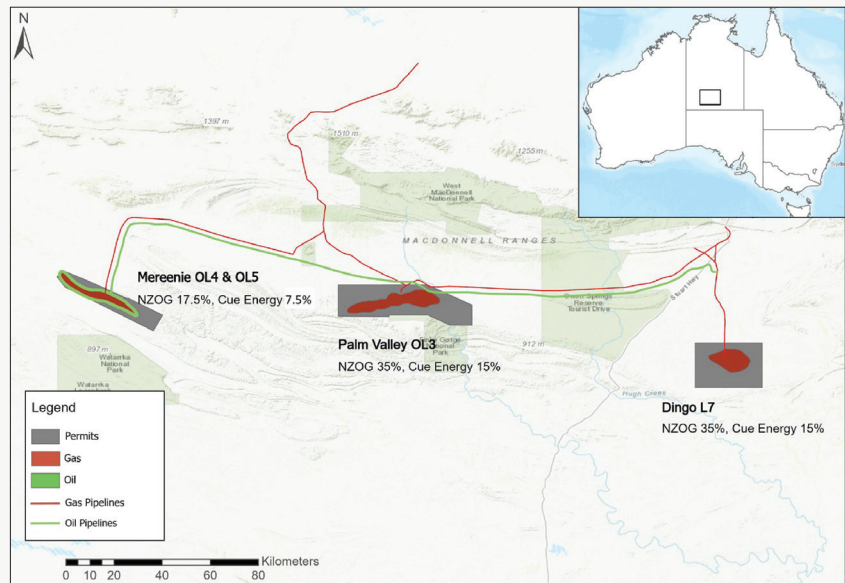
- 17.5% New Zealand Oil & Gas
- 7.5% Cue Energy Resources*
- 50% Macquarie
- 25% Central Petroleum (Operator)

Palm Valley (OL3)

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

Dingo (L7)

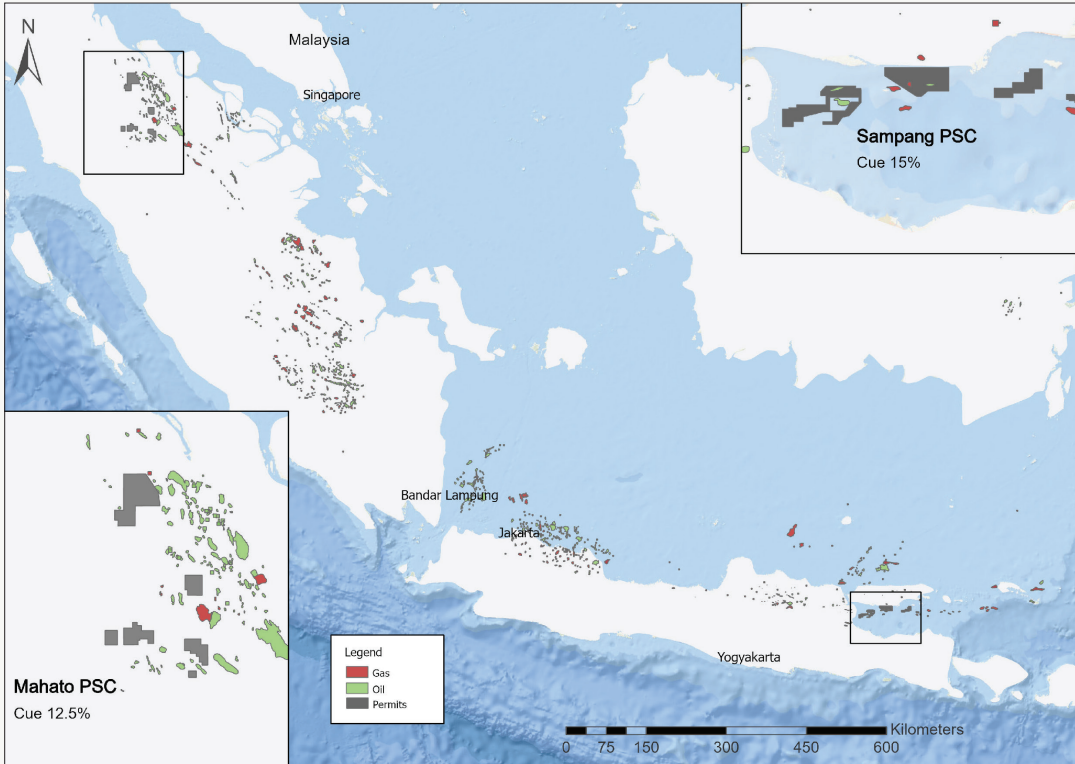
- 35% New Zealand Oil & Gas
- 15% Cue Energy Resources*
- 50% Central Petroleum (Operator)



Production from Mereenie and Palm Valley continued to slowly decline in line with expectations. Due to the temporary closure of the Northern Gas Pipeline (NGP) on 7 September 2022, gas production for the quarter was 5% lower compared to the previous quarter. The Joint Venture continues to monitor the evolving NGP situation and anticipates being able to recommence sales to the East Coast gas markets during the coming quarter. Dingo production remained strong, with fluctuations in line with seasonal demand.

The PV-12 ST1 well, targeting the Pacoota 2 and 3 formations, was drilled to a measured depth of 2,431 metres during the quarter. While drilling the P2 and P3 units, formation water was recovered from the wellbore. As a result of this, and the absence of significant gas shows while drilling, the PV-12 ST1 well lateral was plugged and abandoned. Following this, the Joint Venture commenced drilling the ST2 targeting the P1 intervals, the interval currently producing in the Palm Valley field. Post quarter end, PV-12 ST2 reached a total depth of 3,039 metres (measured depth) on 8 October 2022. An initial flow test was undertaken and a gas flow of approximately 7TJ/d was observed. Prior to completing the well, a final flow test was performed, with the well flowing at a test rate of approximately 12TJ/d. Operations are currently underway to complete the well and tie it into the Palm Valley production facilities as a gas producer, which is expected to occur before year end.

* New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.



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 8% lower than last quarter due to demand and production variances.

Cue's share of gas production was 21% lower than the previous quarter due to lower operating costs resulting in lower production allocation under the Production Sharing Contract [PSC].

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 mmcfd.

Mahato PSC

12.5% Cue Energy Resources*

Texcal Mahato EP Ltd [Operator]

Oil production net to Cue from the PB field during the quarter increased by 22%.

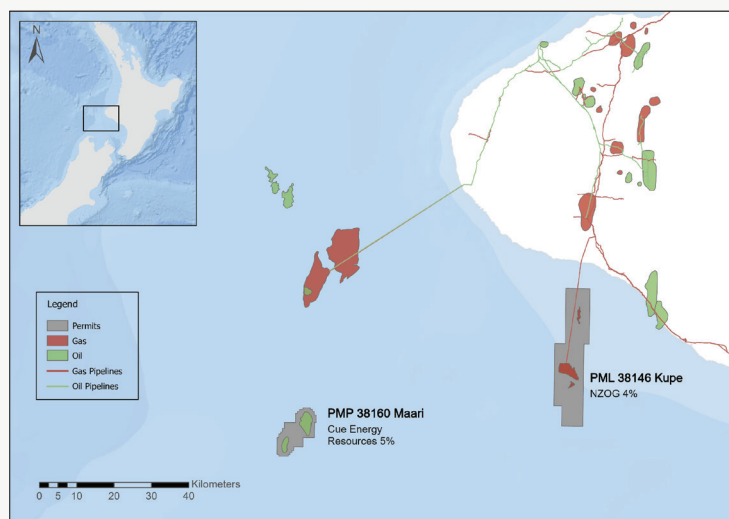
Two new development wells, PB-17 and PB-21, were completed during the quarter, coming online at production rate of approximately 800 bopd and 500 bopd respectively. The next well in the current development campaign, PB-10, commenced drilling in early October and is expected to be completed in early November.

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. Including the recently completed PB-17, there are currently ten oil production wells and one water injection well in the field. The remaining 12 wells are expected to be drilled at a rate of approximately one per month over the next year.

Cash receipts received for the quarter were lower than the previous quarter, due to timing, with September receipts being received in early October. Revenue is typically received 2 months after production. Mahato oil is sold monthly on a Brent price basis with an average \$1-\$2/bbl discount.

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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 maximum field capacity [currently limited by well deliverability] due to strong nominations and demand for gas. Production volumes at Kupe were lower than the previous quarter by approximately 10%, in-line with the field's natural decline.

Opportunities to increase field production continue to be investigated. Subsurface analysis, planning and regulatory activities continued during the quarter for the potential drilling of the KS-9 infill/development well in FY24. The Joint Venture is targeting FID for the KS-9 infill / development well project in early FY23 with the well online in FY24.

Maari and Manaia oil fields (PMP 38160)

5% Cue Energy Resources*
 69% OMV New Zealand (Operator)

Production from the Maari field was 6% lower than the previous quarter. MR9 production well suffered a failure of its electric submersible pump (ESP) during the quarter. A workover to replace the ESP was conducted and the well was back in production by the start of October.

The MN1 production well remains shut in. Workover operations to replace the ESP in the well started during the quarter but were ceased due to a technical issue. Operations to replace the ESP are expected to be restarted during November.

An oil lifting of 21,400 barrels net to Cue occurred during September, with receipts of NZ\$4.1 million received after 30th September 2022. A significant premium over Brent pricing was received for this Maari oil sale.

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Quarterly Activities Report, for quarter ended 30 September 2022.

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

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