

PETROLEUM BLOCK OFFER NOTICE

OFFSHORE NORTHLAND

→ NEW CLOSING DATE

18 AUGUST 2010

Ministry of Economic
Development



Manatū Ohanga

Crown Minerals

**DISCOVER
OPPORTUNITY**

SET YOUR SIGHTS ON NEW ZEALAND

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OFFSHORE NORTHLAND BLOCK OFFER SUPPLEMENTAL NOTICE

CHANGE TO CLOSING DATE

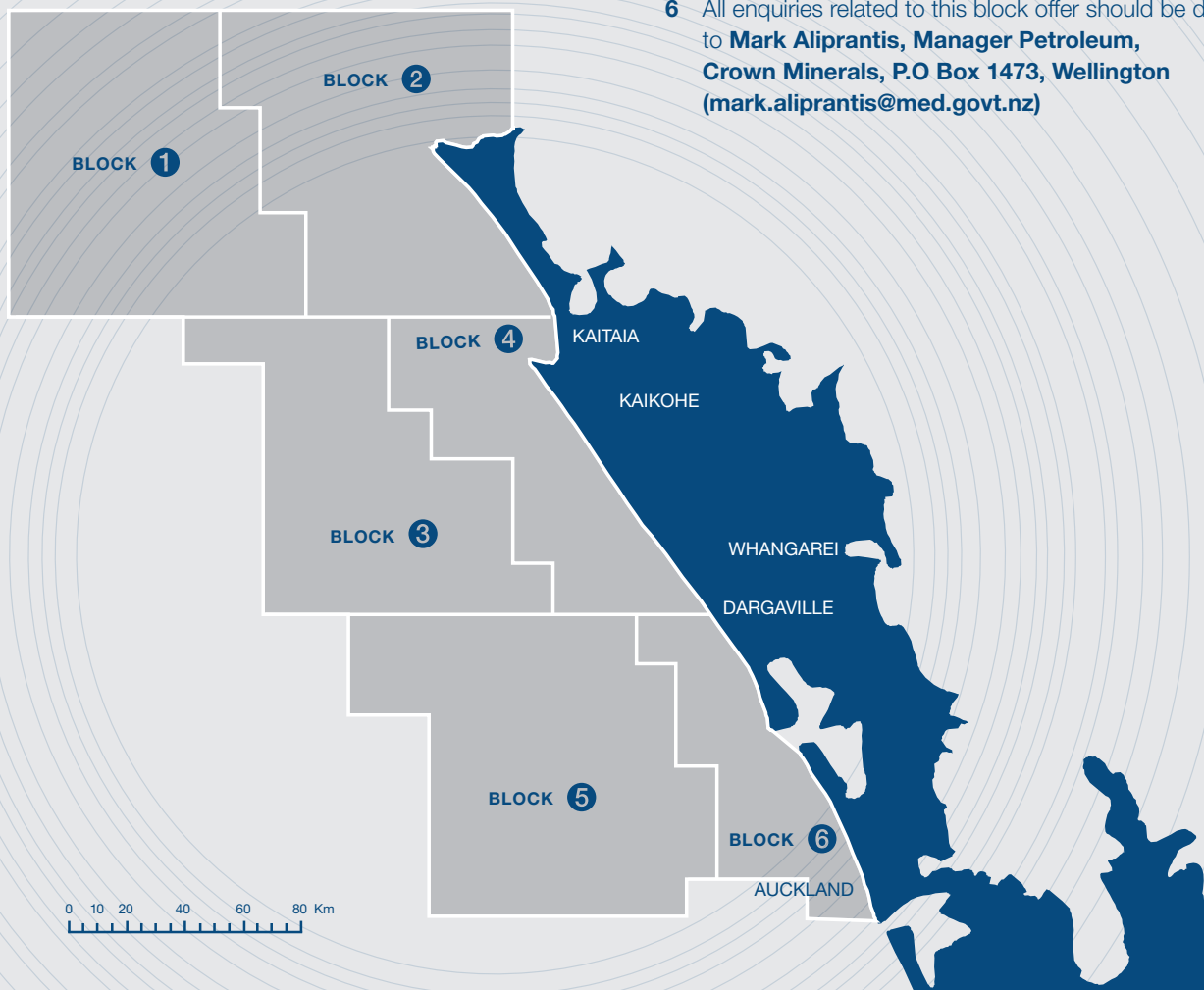
The closing date for receipt of bids is now 5.00pm on Wednesday 18 August 2010.

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INTRODUCTION

- 1 The Minister of Energy (the “**Minister**”) invites bids for petroleum exploration permits in New Zealand’s Offshore Northland Basin.
- 2 Before preparing and submitting a bid, bidders are encouraged to familiarise themselves with New Zealand’s legislation, regulation and policy for the allocation and administration of petroleum permits, contained primarily in the Crown Minerals Act 1991, the Crown Minerals (Petroleum) Regulations 2007 and the Minerals Programme for Petroleum 2005 (the “**Minerals Programme**”). These materials and other information about petroleum exploration and production in New Zealand are accessible from the Crown Minerals website at www.crownminerals.govt.nz
- 3 Petroleum exploration permits are granted for an initial period of up to five years. During this period, the Crown would normally expect the permit area to be explored and defined and the plays, leads and prospects mapped to enable a decision to be made to seek to continue exploration, apply for a mining permit for discoveries made, or surrender the permit.
- 4 Bids for petroleum exploration permits in the Offshore Northland Basin are to be submitted by staged work programme in respect of one or more of the blocks identified in **Schedule 1** and in accordance with the terms of this notice.
- 5 The closing date for receipt of bids is 18 August 2010 (the “**Closing Date**”).
- 6 All enquiries related to this block offer should be directed to **Mark Aliprantis, Manager Petroleum, Crown Minerals, P.O Box 1473, Wellington (mark.aliprantis@med.govt.nz)**



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SUBMISSION OF BIDS

- 7 Bids must be marked**
CONFIDENTIAL: Offshore Northland Block Offer and sent to:
Group Manager, Crown Minerals
Ministry of Economic Development
33 Bowen Street, PO Box 1473
Wellington, New Zealand
- 8 Bids may be hand-delivered, sent by courier or by post.** Bids sent by e-mail will not be accepted.
- 9 Bids may be in paper format and/or electronic format, and electronic copies must be in CD-Rom, DVD-Rom or memory stick format.**
- 10 Bids must include the following:**
- (a) a completed and signed application form (in the form of that attached at **Appendix 3**); and
 - (b) the information detailed in **Schedule 3**; and
 - (c) a map of the block(s) applied for; and
 - (d) the appropriate fee (or evidence of payment of the appropriate fee), being \$6,000 per block (or part thereof).
- 11 Where a bid is for more than one block, the items described at paragraphs 10(b), 10(c) and 10(d) must be provided in respect of each block, save that in respect of paragraph 10(b), only the information described in Parts B and C of Schedule 3 shall be required for such additional block(s).**
- 12 The fee can be paid separately by direct credit, on or before the Closing Date, or by cheque included with the bid.** The direct credit account number is: 030049-0001311-02, Westpac Banking Corporation Limited, Government Branch, and the reference should read: 'Offshore Northland Basin Blocks – [applicant's name]'.
- 13 Bids must be received no later than 4.30pm on the Closing Date (18 August 2010).**

MINIMUM WORK PROGRAMME

- 14 The proposed staged work programme for any block must meet the following minimum requirements.**
- 15 Within the first five years, carry out the following projects with at least one to be carried out within the first eighteen months:**
- (a) Carry out a regional 2D seismic survey; and
 - (b) Carry out a 3D survey to define a drillable location; and
 - (c) Drill one well no later than 48 months - with commitment to drill being made to the Minister at least 12 months prior to the drilling of the well; and
 - (d) Report and present a full review of the basin potential post drilling.

EVALUATION OF BIDS

- 16 Bids will be evaluated having regard to:**
- (a) the policies detailed in the Minerals Programme for managing the Crown's petroleum resource, including, without limitation, that:
 - (i) petroleum permits should be obtained by the person who is most likely to effectively and efficiently prospect or explore and develop the petroleum resource;
 - (ii) permit areas should be explored in accordance with an appropriate work programme that has the objective of assessing the petroleum resource potential of the whole permit area;
 - (iii) the conditions of the petroleum permit should be complied with;
 - (iv) operations should result in increased knowledge of New Zealand's petroleum resource and petroleum potential; and
 - (b) the provisions of paragraphs 5.4.21 to 5.4.33 of the Minerals Programme.

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17 Other relevant factors include:

- (a) whether the bidder has demonstrated a high level of pre bid evaluation work showing an understanding and interpretation of the hydrocarbon potential of the basin, and use of data related to the basin and adjacent area; and
- (b) the bidder's understanding of the geology of the block(s) applied for; and
- (c) the number of contingencies and potential surrender options associated with any proposed activities (with fewer being preferred); and
- (d) the estimated level of expenditure associated with any proposed activities.

18 In the event that competing bids are evaluated to be of similar merit, consideration may also be given to:

- (a) the area being applied for;
- (b) the general principle that the Crown considers it desirable to have diversity of explorers in a petroleum basin;"
- (c) benefit to New Zealand, including the strategic importance to New Zealand of access to supplies of petroleum.

19 Where there is more than one proposed permit holder, they will be evaluated individually and collectively.

20 Subject to the mandatory requirements of the Crown Minerals Act 1991 and the Minerals Programme, the Crown may have regard to any other matter it considers relevant to evaluating the best bid for any block being considered.

21 Detailed evaluation criteria for bids received in response to this block offer are attached at Schedule 2.

PRESENTATIONS

22 Bidders submitting compliant bids may be invited to make a presentation in support of their bid and to provide clarification of the bid where required by the Crown.

23 Bidders may not materially alter their bids as part of any presentation.

CONDITIONS OF ANY PERMIT GRANTED PURSUANT TO THIS BLOCK OFFER

24 Any permit awarded as a result of this block offer will be subject to conditions substantially in the form of those attached at Appendix 1.

25 The blocks described in Schedule 1 are subject to the exclusion of any area that, at the Closing Date, is part of a granted petroleum exploration permit or is otherwise excluded from land available for allocation in accordance with the Crown Minerals Act 1991 and the Minerals Programme. Subsequent exclusion areas may be added to the permit if legislation related to those areas is passed.

GENERAL CONDITIONS OF BLOCK OFFER

26 Bids must be made in accordance with this notice.

27 The Crown reserves the right to:

- (a) vary the terms of this block offer or withdraw this block offer (or any part of it) at any time before the Closing Date;
- (b) reject any or all bids and decide not to negotiate with any bidder in respect of the block offer;
- (c) seek more information from any bidder (but is under no obligation to do so);
- (d) invite unsuccessful bidders to resubmit bids in accordance with paragraphs 5.4.26 and 5.4.27 of the Minerals Programme (but is under no obligation to do so);
- (e) issue two permits in respect of a single block where the bidders are agreeable in accordance with paragraph 5.4.28 of the Minerals Programme (but is under no obligation to do so);
- (f) accept bids despite irregularities;
- (g) accept or reject bids that arrive after the Closing Date.

28 Any variation to the terms of this block offer will become part of this notice.

29 The receipt by the Crown of any bid in no way constitutes a binding agreement between the bidder and the Crown in any respect. Progression to negotiation and grant of a petroleum exploration permit will be at the sole discretion of the Crown.

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- 30 No bidder may directly or indirectly solicit any Crown employee concerning any aspect of this block offer and may be disqualified for doing so.**
- 31 Bidders must inform the Crown of any potential conflict of interest that may impact on their ability to fulfil their obligations under any permit granted to them.**
- 32 By submitting a bid in response to this block offer, the bidder warrants that:**
- (a)** all information contained in the bid is complete and accurate in all material respects; and
 - (b)** the use by the Crown of the information contained in the bid for the purposes of the block offer, will not breach any intellectual property rights.
- 33 All bids submitted in response to this block offer will remain the property of the Crown and will not be returned.**
- 34 The Crown will treat information contained in a bid as confidential, save where that information is in the public domain.**
- 35 The Crown and its employees and agents have no liability whatsoever in respect of any matter arising out of, or in connection with, the block offer and related processes.**

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SCHEDULE 1 BLOCKS

COORDINATES

BLOCK 1			
Points	Latitude	Longitude	
1	34° 00' 00" S	171° 00' 00." E	Then east to
2	34° 00' 00" S	171° 50' 00." E	Then south to
3	34° 20' 00" S	171° 50' 00." E	Then east to
4	34° 20' 00" S	172° 00' 00." E	Then south to
5	34° 40' 00" S	172° 00' 00." E	Then east to
6	34° 40' 00" S	172° 10' 00." E	Then south to
7	35° 00' 00" S	172° 10' 00." E	Then west to
8	35° 00' 00" S	171° 00' 00." E	Then north to

Datum: NZGD2000

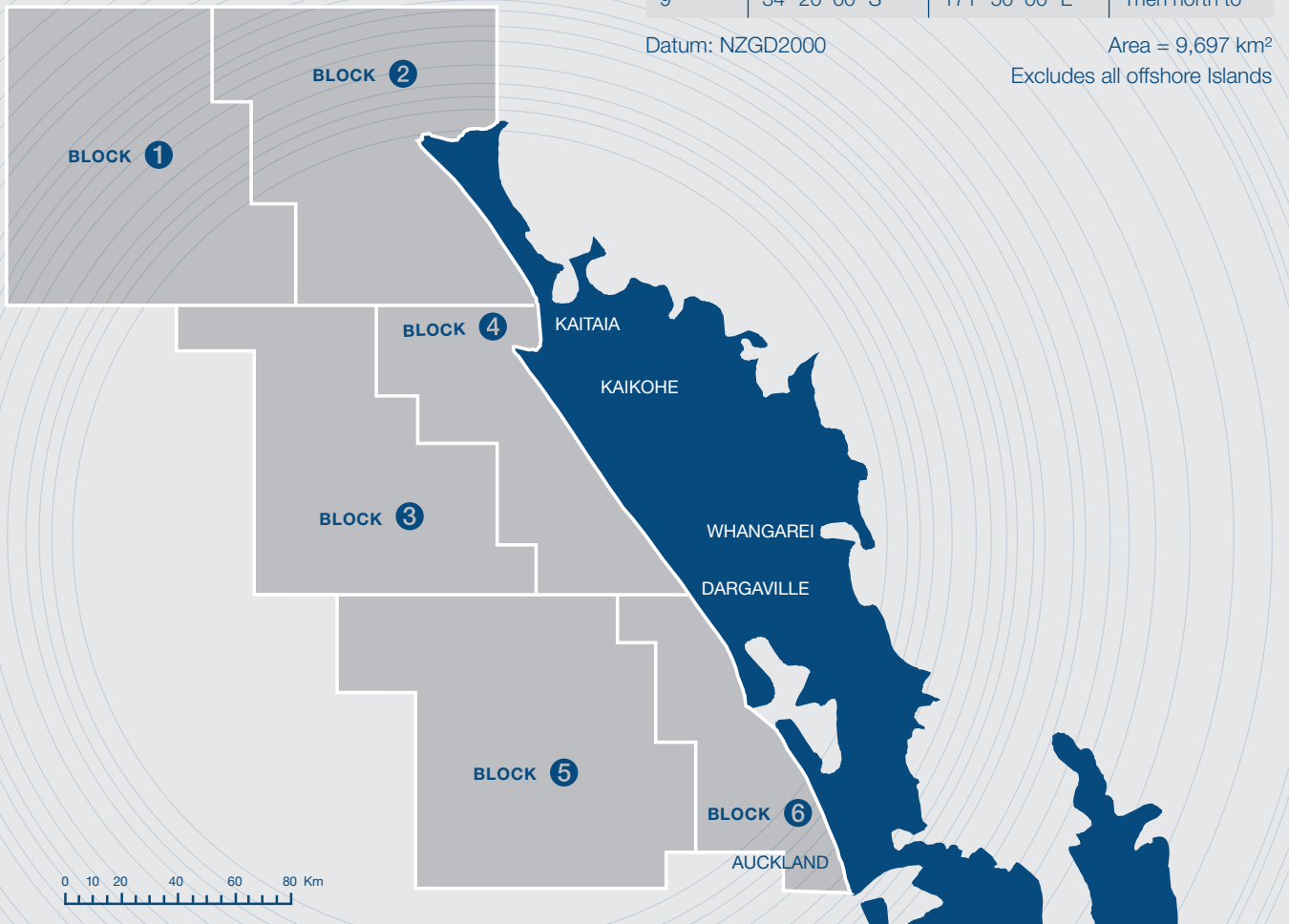
Area = 10,190 km²

BLOCK 2			
Points	Latitude	Longitude	
1	34° 00' 00" S	171° 50' 00" E	Then east to
2	34° 00' 00" S	173° 00' 00" E	Then south to
3	34° 24' 11.9833" S	173° 00' 00" E	Then west and south along the coast to
4	35° 00' 00" S	173° 09' 06.4491" E	Then west to
5	35° 00' 00" S	172° 10' 00" E	Then north to
6	34° 40' 00" S	172° 10' 00" E	Then west to
7	34° 40' 00" S	172° 00' 00" E	Then north to
8	34° 20' 00" S	172° 00' 00" E	Then west to
9	34° 20' 00" S	171° 50' 00" E	Then north to

Datum: NZGD2000

Area = 9,697 km²

Excludes all offshore Islands



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SCHEDULE 1 BLOCKS

COORDINATES

BLOCK 3			
Points	Latitude	Longitude	
1	35° 10' 00" S	171° 40' 00" E	Then north to
2	35° 00' 00" S	171° 40' 00" E	Then east to
3	35° 00' 00" S	172° 30' 00" E	Then south to
4	35° 20' 00" S	172° 30' 00" E	Then east to
5	35° 20' 00" S	172° 40' 00" E	Then south to
6	35° 30' 00" S	172° 40' 00" E	Then east to
7	35° 30' 00" S	173° 00' 00" E	Then south to
8	35° 50' 00" S	173° 00' 00" E	Then east to
9	35° 50' 00" S	173° 10' 00" E	Then south to
10	36° 00' 00" S	173° 10' 00" E	Then west to
11	36° 00' 00" S	172° 00' 00" E	Then north to
12	35° 10' 00" S	172° 00' 00" E	Then west to

Datum: NZGD2000

Area = 8,662 km²

BLOCK 4			
Points	Latitude	Longitude	
1	35° 00' 00" S	172° 30' 00" E	Then east to
2	35° 00' 00" S	173° 09' 06.4491" E	Then south along the coast to
3	35° 31' 30.6309" S	173° 21' 24.9227" E	Then south east across the entrance to Hokianga Harbour to
4	35° 32' 15.9234" S	173° 21' 59.0074" E	Then south east along the coast to
5	36° 00' 00" S	173° 47' 06.5349" E	Then west to
6	36° 00' 00" S	173° 10' 00" E	Then north to
7	35° 50' 00" S	173° 10' 00" E	Then west to
8	35° 50' 00" S	173° 00' 00" E	Then north to
9	35° 30' 00" S	173° 00' 00" E	Then west to
10	35° 30' 00" S	172° 40' 00" E	Then north to
11	35° 20' 00" S	172° 40' 00" E	Then west to
12	35° 20' 00" S	172° 30' 00" E	Then north to

Datum: NZGD2000

Area = 5,666 km²
Excludes all harbours

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SCHEDULE 1 BLOCKS

COORDINATES

BLOCK 5			
Points	Latitude	Longitude	
1	36° 00' 00" S	172° 20' 00" E	Then east to
2	36° 00' 00" S	173° 30' 00" E	Then south to
3	36° 10' 00" S	173° 30' 00" E	Then east to
4	36° 10' 00" S	173° 40' 00" E	Then south to
5	36° 30' 00" S	173° 40' 00" E	Then east to
6	36° 30' 00" S	173° 50' 00" E	Then south to
7	36° 51' 53.5113" S	173° 50' 00.6436" E	Then west to
8	36° 51' 53.5105" S	173° 43' 00.6380" E	Then south to
9	36° 59' 53.5211" S	173° 43' 00.6353" E	Then west to
10	36° 59' 53.5102" S	173° 14' 12.6035" E	Then south to
11	37° 00' 00" S	173° 14' 12.6034" E	Then west to
12	37° 00' 00" S	172° 40' 00" E	Then north to
13	36° 20' 00" S	172° 40' 00" E	Then west to
14	36° 20' 00" S	172° 20' 00" E	Then north to

Datum: NZGD2000

Area = 11,430 km²

BLOCK 6			
Points	Latitude	Longitude	
1	36° 10' 00" S	173° 30' 00" E	Then north to
2	36° 00' 00" S	173° 30' 00" E	Then east to
3	36° 00' 00" S	173° 47' 06.5349" E	Then south east along the coast to
4	36° 23' 51.0859" S	174° 02' 59.9868" E	Then south east across the entrance to Kaipara Harbour to
5	36° 29' 20.0213" S	174° 09' 53.3300" E	Then south east along the coast to
6	36° 59' 53.5202" S	174° 28' 32.8700" E	Then west to
7	36° 59' 53.5220" S	174° 12' 00.6611" E	Then north to
8	36° 51' 53.5123" S	174° 12' 00.6609" E	Then west to
9	36° 51' 53.5113" S	173° 50' 00.6436" E	Then north to
10	36° 30' 00" S	173° 50' 00" E	Then west to
11	36° 30' 00" S	173° 40' 00" E	Then north to
12	36° 10' 00" S	173° 40' 00" E	Then west to

Datum: NZGD2000

Area = 3,911 km²
Excludes all harbours

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SCHEDULE 2 DETAILED EVALUATION CRITERIA

1. Company and Financial Profiles

The standing of the proposed permit holder(s) (and, in particular, the proposed operator) is critical to the question of whether the proposed permit holder can, and will, give effect to any granted permit.

Proposed permit holder(s) and proposed operator	<ul style="list-style-type: none"> • Identity of proposed permit holder(s) (and, in particular, the proposed operator). • Place of incorporation/registration of proposed permit holder(s) (and, in particular, the proposed operator).
Control	<ul style="list-style-type: none"> • Directors of operating company. • Respective interest of permit holders (where more than one).
Financial	<ul style="list-style-type: none"> • Assessment of audited balance sheet and profit and loss statements for operator and joint venture partners, net worth, debt / equity ratio. • Authorised capital position, subscribed authorised capital stock, paid up capital. • Assessment of financial capacity to fund the proposed work programme and likely development scenarios.
Compliance	<ul style="list-style-type: none"> • Have the proposed permit holder(s) (and, in particular, the proposed operator) worked in New Zealand before? If yes, identify any details of termination of or withdrawal from earlier work programme commitments. • Have the proposed permit holder(s) (and, in particular, the proposed operator) had permits in non-compliance?

2. Technical Capability

To be able to give proper effect to the permit, the permit holder(s) (and, in particular, the operator) needs to have the technical capability and experience to carry out the work programme and to secure the correct equipment. The capability of the proposed permit holder(s) to comply with the New Zealand regulatory regime is important. Previous exploration successes are an indicator of the technical capability of the proposed permit holder(s) and, in particular, the operator.

Geology	<ul style="list-style-type: none"> • Quantity and quality of internal resources with relevant qualifications and experience to give proper effect to the proposed work programme. • Proposed level and reliance on external resources. • Any experience of the geology of the NZ region and basin. • Level of experience with analogous basins. • Level of experience and success with play types. • Level of experience and understanding of source rocks. • Level of experience with clastic sand reservoirs. • Overall technical capacity to manage proposed work programme with other exploration programme commitments (New Zealand and/or international as appropriate).
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SCHEDULE 2 DETAILED EVALUATION CRITERIA

2. Technical Capability (continued)	
Geophysics & Petrophysics	<ul style="list-style-type: none"> Quantity and quality of internal resources with qualifications and experience to give proper effect to the proposed work programme. Proposed level of reliance on external resources. In house capability to design and interpret seismic data acquisition/reprocessing programmes focussing on the targeted plays. Capability and experience to construct and manage large seismic data acquisition programmes. Capability and level of experience to manage seismic processing and reprocessing programmes. Understanding and level of experience with specialised seismic analysis techniques specific to the range of play types. Level of experience in subsurface mapping and interpretation of seismic facies and correlation to petrophysical/well data. Level of experience in petrophysical analysis and interpretation for targeted play types.
Specialists	<ul style="list-style-type: none"> Level of in house drilling and well completion experience for identified play types. Level of in house expertise and experience in exploring and developing structural compartmentalised reservoirs with reservoirs with vertical and lateral variations. Level of in house expertise and experience in reservoir stimulation.
Specialist equipment	<ul style="list-style-type: none"> Ownership, access or contracts for offshore seismic equipment/crews with 2D and 3D capability. Ownership, access or contracts for drilling rigs with appropriate well completion and testing equipment for the targeted plays. Any proprietary analytical techniques or software relevant to the proposed work programme studies.
Other	<ul style="list-style-type: none"> Level of exploration success in developing the targeted plays. Technical expertise and experience with exploration in basins that feature identified play types. Experience and expertise with de-risking under explored basins. Relevant New Zealand business activities of proposed permit holder(s) (and, in particular, the proposed operator). Experience of proposed permit holder(s) (and, in particular, the proposed operator) in exploration and production operations. Assessment of any anticipated material events, risks, activities or plans which have either a significant impact positively or negatively on the proposed permit holder(s) ability to perform operations in New Zealand.

SCHEDULE 2 DETAILED EVALUATION CRITERIA

3. Work Quality

The work programme is the fundamental part of the bid that will be used to assess the bid. Both the quality of the work proposed and the quantity will have bearing on the ranking of the bid.

Geology	<ul style="list-style-type: none"> • The priority and degree to which the proposed work programme targets the play type and the comparative material value of the play types pursued. • The extent to which the proposed work programme will lead to a greater understanding of the overall basin and petroleum system and play types. • The extent to which the proposed work programme addresses sub surface uncertainty of source rock, reservoir rock, charge flow, seal and closure of leads/prospects. • The extent to which an understanding of oil versus gas play is developed. • The extent to which the proposed work programme demonstrates an understanding of the sub surface uncertainty and risk profile of the overall basin, permit area, and leads/prospects. • The extent to which the entire permit area will receive the same quality level of subsurface mapping and interpretation to give proper effect to the evaluation of all play types.
Reprocessing of existing data	<ul style="list-style-type: none"> • Identification of existing vintage seismic data proposed for reprocessing, rationale/purpose for reprocessing, and the timing for the completion of this work. • The output and value of reprocessing and the application of analytical techniques demonstrated. • Review of existing well data and reinterpretation of well log data sets and well failure analysis.
Geophysics	<ul style="list-style-type: none"> • The overall coverage and density of 2D, 3D and micro seismic data across the permit area. • The work programme phasing of various new seismic data acquisition programmes. • Consideration of acquisition and processing parameters specific to play concepts. • The level of reliance on reprocessing and analysis of existing seismic data versus the application of new seismic acquisition. • The application of specialised or proprietary seismic analytical software and seismic modelling. • The application of geophysical data other than seismic data.
Specialist geophysical work other than seismic	<ul style="list-style-type: none"> • The application of any remote sensing, satellite imaging, gravity, magnetic, electromagnetic surveying and the demonstrated value of applying such studies.
Ranking and identification of drillable leads/prospects	<ul style="list-style-type: none"> • The narrow or broad focus of the exploration in context of drillable leads/prospects – Miocene – Eocene – Paleocene, shallow or deeper targets, stacked targets. • The level of confidence assigned to identified leads/prospects. • The consideration of lead/prospect size required to be drilled and discovered to initiate development.
Special Geological Studies	<ul style="list-style-type: none"> • The application of any rock mechanics analysis and the purpose of such studies. • The application of any geochemical and fluid analysis and the purpose of such studies. • The application of any paleontology, palynology work and the purpose of such studies. • The application of any sedimentological and petrographic or specific structural work and the purpose of such studies. • The application of any petrophysical analysis and the purpose of such studies. • Quality of pre bid work, and overall use of existing technical data.

SCHEDULE 2 DETAILED EVALUATION CRITERIA

4. Work Quantity

The work programme is the fundamental part of the bid that will be used to assess the bid. Both the quality of the work proposed and the quantity will have bearing on the ranking of the bid.

Geology	<ul style="list-style-type: none"> • The quantity of general geological studies in the proposed work programme. • Consideration of the quantity of general geological studies undertaken pre bid and the time required to complete overall general geological studies. • How additional general geological studies will advance planned work programme commitments.
Geophysics	<ul style="list-style-type: none"> • The quantity and overall coverage of committed new 2D seismic acquisition. • The quantity and overall coverage of committed new 3D seismic acquisition. • The quantity and coverage of specialised or proprietary analytical techniques and geophysical modelling. • The quantity and coverage of specific play concepts and seismic anomalies.
Reprocessing	<ul style="list-style-type: none"> • Quantity and coverage of existing seismic data, vintages proposed to be reprocessed.
Petrophysical studies	<ul style="list-style-type: none"> • Quantity and coverage of well analysis work, and any well re-entry work. • Quantity of any rock mechanics study, integration with seismic data and the demonstrated value of applying such studies.
Drilling	<ul style="list-style-type: none"> • Number of committed and proposed wells. • Timing of committed and proposed wells. • Proposed number of well re-entries and proposed testing programmes.
Special Geological Studies	<ul style="list-style-type: none"> • Quantity and coverage of geochemical studies. • Quantity of palaeontology and palynology studies or other chronostratigraphic studies. • Quantity of sedimentological and petrological studies.
Other Studies	<ul style="list-style-type: none"> • Quantity and coverage of reservoir stimulation modelling. • Quantity of pre bid work and level of engagement with field work, technical workshops and local expertise.

SCHEDULE 2 DETAILED EVALUATION CRITERIA

5. Interpretation

The interpretation of the geology, geophysics and petrophysics is the essence of the understanding of the basin and also gives the focus to the work that is required to minimise the risk and identify the locations worth drilling.

Sub surface mapping	<ul style="list-style-type: none"> • Structure maps and selection of stratigraphic levels mapped. • Time/depth conversion. • Isopach maps of key zones. • Paleogeographic maps.
Geology	<ul style="list-style-type: none"> • Stratigraphic interpretation, conventional or non conventional interpretation, identification of key stratigraphic horizons and potential hydrocarbon zones. • Paleogeographic interpretation, conventional interpretation, level of refinement and advancement of alternative interpretation. • Improved interpretation and advanced reprocessing of geophysical data, seismic analysis techniques, use of existing seismic data and petrophysical data. • Identification and interpretation of seismic anomalies and linkage to well data. • Leads / prospects interpretation and the basis for ranking. • Critical Risk modelling, confidence level in assumptions and scenario planning.
Play types	<ul style="list-style-type: none"> • Interpretation of source, charge flow, reservoir properties, understanding of seal integrity, nature and confidence in closure. • Range of play types. • Identification and rationale for ranking plays. • Leverage off existing experience and knowledge of play types.
Sub surface risk analysis	<ul style="list-style-type: none"> • Assessment of risks of play characteristics. • Assessment of risks for petroleum generation and trapping. • Confidence levels in interpretation of play types.
Modelling	<ul style="list-style-type: none"> • Basic types of modelling done and integration of analytical processes. • Details of input (kinetics etc) and rationale for the modelling. • Details of output, amounts generated, migrated and potentially trapped. • Migration pathways and resource in place.
Resource Assessment	<ul style="list-style-type: none"> • Petroleum generated and potential petroleum in place.

SCHEDULE 2 DETAILED EVALUATION CRITERIA

6. Work Programme Correlation and Planning and Development

The correlation between overall basin, petroleum system, interpretation and the proposed work programme indicates the bidder's understanding of the basin exploration needs and the physical environment. The correlation between the proposed work programme and securing exploration equipment and resources is critical to enable the permit area to be explored in a timely manner. Resource development scenarios, and the potential overall benefit to New Zealand are the basic tenet of the Minerals Programme.

Work Programme focus and priorities	<ul style="list-style-type: none"> • Prioritisation of resources and timeliness to address technical risks. • De-risking leads/prospects and firming up drillable prospects. • Resource assessment.
Risks	<ul style="list-style-type: none"> • The extent to which the timing and technical approach of the proposed work programme is appropriate to reduce sub surface risks. • The extent to which the producibility of reservoirs is de-risked – the proposed reservoir evaluation and development plan.
Availability of equipment	<ul style="list-style-type: none"> • Actions to secure seismic data acquisition and reprocessing facilities (schedules and identification of potential acquisition slots). • Actions to secure drilling rig (schedules and identification of potential drilling slots) suitable for the targeted play types. • Extent to which bidder has investigated or mitigated risks associated with securing exploration equipment and resources to support proposed work programme commitments.
Development plans	<ul style="list-style-type: none"> • Primary focus of exploration gas/oil. • Primary focus of play concepts - conventional versus non-conventional. • Understanding and quantification of discovery size to initiate a development and process to appraise and bring targeted play type into production. • Assessment and quantification of potential upside of the basin and permit area. • Type of economic/commercial scenario planning. • Assessment of existing infrastructure and infrastructure required to commercialise a discovery. • Description of preferred development options and scenario for gas and oil. • Quantification and description of national and regional benefits. • Critical pathway for development planning – key risks, key dependencies.

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SCHEDULE 3 – INFORMATION TO BE INCLUDED IN BID

PART A – BIDDER INFORMATION (TO BE PROVIDED IN RESPECT OF EACH PROPOSED PERMIT HOLDER)

1	Corporate Information
	<ul style="list-style-type: none"> (a) A copy of the certificate of incorporation of the company; (b) Names and addresses of directors and shareholders with a greater than 25% shareholding; (c) A statement as to whether any current director is or has been adjudicated bankrupt, the date and jurisdiction of the adjudication; (d) Names and addresses of persons in New Zealand authorised to accept service of documents and other communications on behalf of the company; (e) Business activities of the company; (f) Details of any corporate structure within which the company exists (include details of any subsidiary, sister or parent companies of the applicant company); (g) Number of permanent paid employees.
2	Financial Capability
	<p>Listed companies:</p> <ul style="list-style-type: none"> (a) Latest audited financial statements of the company (not more than 18 months old), and any associated group financial statements. Where more than six months has lapsed since the balance date, interim accounts should be provided; (b) Current market capitalisation; (c) Current paid up capital; (d) Current debt/equity ratio; (e) Earnings before tax and amortisation in last financial year; (f) Profit after tax and amortisation in last financial year; (g) Any current commitments or known future financial commitments; (h) Any current or planned future bids in other jurisdictions which could materially affect the financial capability to meet permit obligations in New Zealand; (i) Oil and gas reserves for the past three years (mmboe); (j) Annual oil and gas production for the past three years (mmboe); (k) Forecast financial reports and/or information to clearly demonstrate how the proposed staged work programme will be funded. Note that paragraph 5.4.33 of the Minerals Programme provides that evidence is required of the bidder's ability to fund the proposed work programme up to the completion of at least one exploration well without needing to attract farm-in partners to finance the activity. <p>Private companies:</p> <ul style="list-style-type: none"> (a) Audited statement of worth confirming ability to fund the work programme obligations up to completion of at least one exploration well; (b) Any current commitments or known future financial commitments; (c) Any current or planned future bids in other jurisdictions which could materially affect the financial capability to meet permit obligations in New Zealand; (d) Oil and gas reserves for the past three years (mmboe); (e) Annual oil and gas production for the past three years (mmboe); (f) Forecast financial reports and/or information to clearly demonstrate how the proposed staged work programme will be funded up to the completion of at least one exploration well. Note that paragraph 5.4.33 of the Minerals Programme provides that evidence is required of the bidder's ability to fund the proposed work programme up to the completion of at least one exploration well without needing to attract farm-in partners to finance the activity.

SCHEDULE 3 – INFORMATION TO BE INCLUDED IN BID

3	Bidder's Geotechnical Skills and Resources
	<p>(a) Details of geo-technical resources available to the bidder, including:</p> <ul style="list-style-type: none"> i) Number, experience and type of skills of permanent, internal staff; ii) Number, experience and type of skills of contractors.
4	Bidder's Exploration Experience
	<p>(a) Countries in which the bidder (or related company) has held a permit, licence or similar right in petroleum exploration and production in the past 10 years;</p> <p>(b) Number of petroleum permits, licences or similar rights currently held by the bidder as operator;</p> <p>(c) Total area of exploration and production acreage held as operator (sq. acres or km²) including an approximate breakdown between onshore, near-shore and deepwater permits;</p> <p>(d) Number of petroleum permits, licences or similar rights currently held by the bidder as non-operating partner.</p>
5	Compliance
	<p>(a) Any adverse regulatory decision made against the bidder (or an associated or related company) in the last 10 years that may be reasonably relevant to the bidder's fitness to hold a petroleum permit in New Zealand. In this context, "adverse regulatory decision" includes any criminal or civil fine, penalty or similar judicial finding. This also includes any decision in relation to any obligation under environmental, occupational health and safety, corporate, financial reporting and securities legislation. The regulatory authority, date and jurisdiction of decision should be included in any disclosure;</p> <p>(b) Any petroleum permits, licences or similar rights which have been revoked or relinquished not in good standing in the past 10 years. Details should include the jurisdiction and date of permit revocation/ relinquishment not in good standing. "Not in good standing" means any permit which, at the time of its relinquishment, had outstanding permit obligations owing under it, including the payment of any fees or royalties, the completion of any work programme obligations, or the supply of any data or reports to the relevant regulatory authority;</p> <p>(c) Any actual or potential conflicts of interest that may impact on the bidder's ability to fulfil its obligations under any granted permit.</p>

SCHEDULE 3 – INFORMATION TO BE INCLUDED IN BID

PART B – PROPOSED WORK PROGRAMME

6	Staged Work Programme
	<p>(a) Duration of permit required to carry out the proposed exploration programme (up to a maximum of 5 years);</p> <p>(b) Detailed staged work programme for each year of the full term of the proposed permit (in the form attached at Appendix 2) including:</p> <ul style="list-style-type: none"> i) specific timing of any 2D and/or 3D seismic acquisition proposed and number of kilometres of 2D proposed and/or area of 3D proposed; timing, number of (square) kilometres and type of reprocessed seismic proposed; ii) sample numbers/stations of geochemistry projects, EM or similar work; iii) specific timing of drilling activity and number and depth of wells proposed; iv) specific timing of proposed 'commit or surrender' options; v) specific timing of other geology and geophysical projects required to develop the seismic or drilling projects. <p>(c) Map illustrations of the proposed seismic surveys and additional surveys with stick maps or areas noted;</p> <p>(d) Itemised estimated minimum expenditure for each year of the proposed work programme;</p> <p>(e) Any contingencies associated with any commitment to a work activity (including any intention to seek farm-in partners in order to finance the activity).</p>
7	Ability to Achieve Timelines Proposed
	<p>(a) Exploration services already secured or optioned to support the proposed work programme.</p>

PART C – GEOLOGY OF BLOCK AND EXPLORATION APPROACH

8	Understanding of Geology of Block
	<p>(a) The technical assessment and geological modelling undertaken in preparing the bid;</p> <p>(b) Description of petroleum systems and plays, including failure analysis of previous wells in the block and adjacent area and identification of critical risks associated with each play type;</p> <p>(c) Summary of, and maps of, leads and prospects identified in the block, together with an assessment of the potential reserves in the block on a probabilistic basis, including estimates of reservoir parameters;</p> <p>(d) Ranking of leads/prospects to be explored during the term of the permit;</p> <p>(e) Prognosed stratigraphy, lithology and target horizons supported by structure maps (isopach map if relevant to a stratigraphic trap) of each potential horizon.</p>
9	Exploration Approach
	<p>(a) Indicative mapped location of seismic acquisition;</p> <p>(b) Type of processing and type and amount of re-processing of seismic data to be undertaken;</p> <p>(c) Expected location, stratigraphy and estimated minimum depth (in metres) of proposed wells;</p> <p>(d) Any additional surveys proposed eg magneto-telluric, gravity-magnetic, geochemical survey, bathymetric, seabed sampling, satellite imagery;</p> <p>(e) Any other exploration work that the bidder anticipates undertaking both within the permit or regionally that will have bearing on the exploration of the block;</p> <p>(f) Explanation of how the proposed work programme will address risks associated with the play types identified.</p>

APPENDIX 1 – GENERAL CONDITIONS

GOOD EXPLORATION AND MINING PRACTICE

1 The permit holder shall make all reasonable efforts to explore and delineate the petroleum resource potential of the land to which the permit relates in a systematic and efficient manner in accordance with this permit and in accordance with good exploration and mining practice.

COMPLIANCE AND CONSENTS

2 In carrying out activities under this permit, the permit holder must:

- (a) comply with the Crown Minerals Act 1991 and all other relevant legislative requirements; and
- (b) obtain any consents and approvals required under the Resource Management Act 1991 and any other Acts.

WORK PROGRAMME COMMITMENTS

3 Where the permit holder is required to commit to work pursuant to the permit, the permit holder must establish to the satisfaction of the Chief Executive of the Ministry of Economic Development (“Secretary”) that the permit holder can fulfil that commitment.

4 Where the permit holder is required to drill an exploration well, the well must target an objective as specified in this permit or an objective and/or depth agreed between the permit holder and the Secretary.

SUBCONTRACTING

5 The permit holder is not discharged from any obligation arising under this permit by contracting a third party to perform the relevant obligation.

FEES AND ROYALTIES

- 6 The permit holder shall pay annual fees and any other applicable fees relating to this permit, in accordance with the relevant regulations.
- 7 The permit holder shall be liable for payment of a royalty to the Crown calculated in accordance with Chapter 7 of the Minerals Programme for Petroleum 2005 and Schedule 4.
- 8 The permit holder shall report and pay any royalties due in accordance with the relevant regulations.

REPORTING

9 The permit holder shall submit reports to the Secretary in accordance with the relevant regulations.

OFFSHORE NORTHLAND BLOCK OFFER NOTICE

www.crownminerals.govt.nz

APPENDIX 2 – STAGED WORK PROGRAMME TEMPLATE

WORK PROGRAMME			
MONTHS FROM COMMENCEMENT DATE	ACTIVITY DESCRIPTION	QUANTITY	UNITS
e.g. 12 months	e.g. Acquire and process 2D seismic	e.g. 200	e.g. kms

All seismic reprocessing and new seismic acquisition must have a minimum quantity specified.

Examples of existing work programmes in this format can be viewed online at www.crownminerals.govt.nz

Click on “current permits” from the “Online Services” menu.



New Zealand Government

For further information, please contact:

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Ministry of Economic Development
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mark.aliprantis@med.govt.nz

APPLICATION FORM

APPENDIX 3



1 BLOCK(S) APPLIED FOR:

2 PROPOSED PERMIT HOLDER(S):

Name

Registered Office

Company Number

Place of Incorporation

Proposed Interest in Permit %

SIGNATURE OF AUTHORISED SIGNATORY

Name:

Position:

Signature:

Name

Registered Office

Company Number

Place of Incorporation

Proposed Interest in Permit %

SIGNATURE OF AUTHORISED SIGNATORY

Name:

Position:

Signature:

APPLICATION FORM

Name

Registered Office

Company Number

Place of Incorporation

Proposed Interest in Permit %

SIGNATURE OF AUTHORISED SIGNATORY

Name:

Position:

Signature:

(Attach additional page for any additional proposed permit holders)

NOMINATED CONTACT PERSON FOR ALL MATTERS CONCERNING THIS BID:

Name

Address

Telephone

Fax

Email

By signing this application form, the persons named above confirm that all information contained in the bid for the above blocks is true and accurate in all material respects.