



AUSTRALIAN WORLDWIDE EXPLORATION LIMITED

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→ Stuart Calman.

15th December 2008

19 DEC 2008

The Secretary
Ministry of the Environment
P.O. Box 10362
Wellington 6143

LOG NUMBER	08/257
FILE REF.	
SEND TO / COPY TO	Stuart Calman
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Dear Sir

**Re: Australian Worldwide Exploration Ltd
Submission on Draft Climate Change (Stationary Energy and Industrial Processes)
Regulations 2008**

Australian Worldwide Exploration Ltd (AWE) appreciates the opportunity to make a submission on the above draft Regulations.

AWE operates the Tui Field PMP38158 on behalf of the Tui Joint venture partners (Mitsui E&P Australia 35%, NZOG 12.5%, PPP 10%, AWE 42.5%) in addition to being operator for several exploration permits (PEP38481/2/3 +38401 +38499 +38524 +38524), offshore Taranaki and the South Island.

Production of crude oil from the Tui field has exceeded 19.3 mbbbl to date, with estimated total recoverables (oil reserves excluding gas) of 50.1 mbbbl from the field.

AWE has several concerns about the proposed Regulations, in particular:

- The definitions used in the terms are inconsistent with other legislation and will lead to confusion i.e. mined gas, natural gas etc.
- The Emissions source category for Tui as "all other natural gas fields"
- The terminology used for differing stages of mined gas
- The method for calculating the volume of mined gas at the "point of valuation". The specific metering point requires to be identified.
- The emissions factors are unique in as much as they are not recognised international formulae. The emissions factors do not take into consideration the unique Tui properties which include extremely low CO₂
- The arbitrary use of factors by "field" pre-supposes that the gas composition is constant throughout the field life and does not allow for future change caused by additional tie-ins from differing reservoirs.

At present produced gas from the Tui Field is not sold into the New Zealand market. Between 15-25% is currently used for fuel gas and the remainder is flared. As production diminishes the percentage of flared gas will also be reduced (as the fuel gas usage is constant) to a point where there will be minimal gas flared.

The Tui Joint Venture is currently investigating the viability of constructing an export pipeline to a neighbouring facility to minimize flaring and make the gas available to the New Zealand market. Should this development proceed, the application of this legislation will dramatically change the calculation.

AWE is therefore keen to ensure that the formulae accurately reflects the true volumetric values of gas at the differing stages from well head to point of sale. The terms used are unclear.

- The formulae as currently drafted are vague and inaccurate.
- The formulae do not take into consideration the energy basis of gas composition
- The current definition refers to collection of information of gas mined as recorded "at point of valuation". As the Tui field only currently sells liquids in the form of stabilised oil, and the point of valuation is the discharge valve at the ships rail onboard the FPSO "Umuroa", the gas does not reach this point at present as it is either consumed as fuel gas or diverted to the flare. Clear definition of the metering and sales points is required.

Discussions with other organisations within the industry have confirmed that these issues are also of great concern to them, including the Petroleum Exploration and Production Association of New Zealand (PEPANZ), as we understand the majority, if not all are making submissions, we do not therefore intend going into great detail, but wish to register our concern as to the practicality and consistency of the document in it's current form.

As a major contributor to the Crown's revenue through Royalty and Taxation payments directly attributable to the extraction of oil from the Tui mining permit area (PMP38158) we would welcome the opportunity to discuss the draft document with a view to better defining both the interpretation and method of calculating emissions.

We look forward to discussing these comments with you and your colleagues in the near future.

Kind Regards



Dennis Washer
General Manager - NZ