

# Oil and Gas - Key Industry Facts

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## What is oil and gas used for in New Zealand?

- Oil and gas provide **60%** of New Zealand's total energy.<sup>i</sup>
- Natural gas is used by about 280,900 industrial, commercial and residential customers.<sup>ii</sup>
- Major industrial users include milk plants, timber processing, fertiliser production and methanol production.
- Natural gas serves as an important backup to the electricity network, keeping our lights and heaters on.
- Natural gas has half the emissions of coal.
- New Zealand's oil is high quality and is all exported overseas. It requires less processing (and therefore produces fewer emissions) than other global sources of oil.

## Jobs

- The industry creates employment for up to 11,720 jobs, including 7,070 in Taranaki.<sup>iii</sup>
- The average salary in the petroleum and minerals sector is \$105,000 - twice the New Zealand average of \$50,000.<sup>iv</sup>

## Economic benefits

- On average the Government receives around \$500 million per year in royalties and taxes from the oil and gas sector.<sup>v</sup>
- 42% of all profit from any producing field is returned the New Zealand government in the form of royalties and levies and corporate tax.<sup>vi</sup>
- Over \$2.5 billion contributed to New Zealand's GDP each year.<sup>vii</sup>
- Oil exports are worth around \$1.5 billion per year.<sup>viii</sup>

## Reserves

- Our biggest gas fields are offshore (Pohokura, Maui, and Kupe fields) making up **86%** of production.<sup>ix</sup>
- Oil production is **83.7%** offshore (Maui, Pohokura, Kupe, Maari and Tui fields)<sup>x</sup>.
- At current levels of gas use, remaining natural gas reserves will be exhausted in 11 years.<sup>xi</sup>

### Global demand for oil and gas

- Oil and gas are forecast to continue to make up around half the world's energy needs by 2040.<sup>xii</sup>
- Natural gas demand is expected to grow 45% by 2040 (International Energy Agency).<sup>xiii</sup>
- Oil demand is forecast to grow over the same period.<sup>xiv</sup>

### Industry efforts to reduce net greenhouse gas emissions

- Helping transition from higher carbon sources (such as coal) to lower-carbon sources (such as natural gas).
- Improving our process to reduce emissions (such as reducing the use of flaring) efficiently.
- Developing technology to capture and store carbon dioxide emissions.
- Offsetting emissions (such as reforestation and new planting).

### Other countries that have banned oil exploration

- Belize has only a tiny industry (first began in 2005) with one small producer.<sup>xv</sup>
- Costa Rica has never extracted petroleum.<sup>xvi</sup>
- France is a tiny producer, extracting the equivalent of about 815,000 tonnes of oil per year – an amount produced in a few hours by Saudi Arabia. They are 99% dependent on hydrocarbon imports and are major users of nuclear power.<sup>xvii</sup>
- Of course, all of those countries continue to import and use oil and gas delivering no benefit for the environment (or their local economies).

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<sup>i</sup> <http://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand/documents-images/energy-balances.xlsx>

<sup>ii</sup> <http://gasindustry.co.nz/about-the-industry/>

<sup>iii</sup> *The Wealth Beneath our Feet*, (Venture Taranaki) March 2015  
<https://www.energystream.co.nz/news/2015/mar/20/wealth-beneath-our-feet-value-of-the-og-industry-to-nz> . This includes indirect and induced effects – i.e. without oil and gas these jobs would not exist.

<sup>iv</sup> New Zealand Petroleum and Minerals <https://www.nzpam.govt.nz/our-industry/value-benefits/>

<sup>v</sup> Over the last 10 years the average royalty per year alone has been \$324,423,353. Source: New Zealand Petroleum and Minerals and <https://www.radionz.co.nz/news/business/316602/oil-and-gas-royalties-plummet>

<sup>vi</sup> <https://www.nzpam.govt.nz/our-industry/value-benefits/>

<sup>vii</sup> <https://www.energystream.co.nz/news/2015/mar/20/wealth-beneath-our-feet-value-of-the-og-industry-to-nz>

<sup>viii</sup> Ibid page 65

<sup>ix</sup> Ministry for Business, Innovation and Employment: [Energy in New Zealand 2017](#) report page 25.

<sup>x</sup> Ibid page 21

<sup>xi</sup> Ibid page 34

<sup>xii</sup> International Energy Agency (IEA) World Energy Outlook 2017  
<https://www.iea.org/weo2017/#section-2>

<sup>xiii</sup> Ibid

<sup>xiv</sup> Ibid

<sup>xv</sup> <https://www.belize.com/oil-exploration-in-belize>

<sup>xvi</sup> International Energy Agency via <http://www.ticotimes.net/2014/07/28/costa-rica-extends-ban-on-petroleum-extraction>

<sup>xvii</sup> <https://www.theguardian.com/environment/2017/dec/20/france-bans-fracking-and-oil-extraction-in-all-of-its-territories>