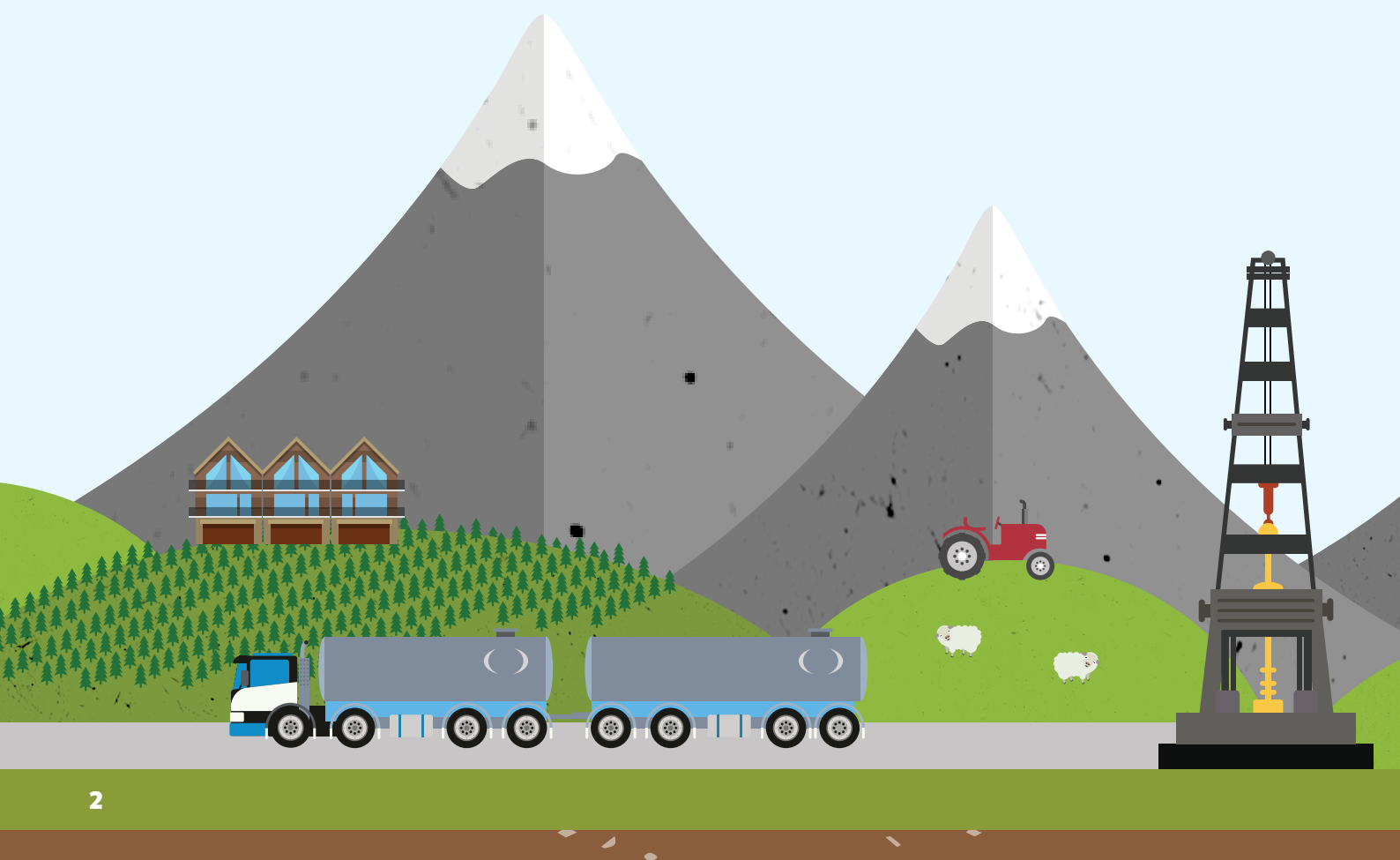


YEAR IN REVIEW 2018



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INTRODUCTION

Tēnā koutou katoa.

It's been a tumultuous 2018 for PEPANZ and the wider industry, dominated by the Government's shock decision to end new oil and exploration permits beyond onshore Taranaki.



As your industry representative, we have been a strong public voice against this decision. We've featured prominently in media throughout the year and have launched the 'Energy Voices' campaign to highlight the impacts on New Zealanders.

This is an unusual move for us, but the issue is so important that it requires a strong response. The campaign has created real momentum with nearly three million appearances on social media and a big impact on the public debate.

At the same time, we continue to engage constructively with Government Ministers, MPs and officials on a range of important regulatory issues.

This year our Net Zero Emissions Committee has also taken a leadership role. It has been an important contributor to public debate on the move to a lower carbon world.

All of this highlights the importance of having an industry body like PEPANZ. It means we can speak with a strong and united voice on behalf of our members, on the issues that are important to them.

There have been some notable industry movements in 2018 with OMV purchasing Shell's New Zealand operations and then Tamarind repeating this process with TAG Oil. We also farewelled Anadarko from New Zealand.

In March this year we welcomed Joanna Breare as PEPANZ Chair and farewelled Rob Jager after four years in the role. I want to personally thank Joanna and Rob, our members and the Board for the support they have given the PEPANZ team over what has been a challenging year.

All the best for a restful holiday period and a prosperous 2019. Thanks again for your support, feedback and interest.

Cameron

“
**WE CONTINUE TO ENGAGE
CONSTRUCTIVELY WITH
GOVERNMENT MINISTERS, MPS
AND OFFICIALS ON A RANGE OF
IMPORTANT REGULATORY ISSUES**
”



ADVOCATE

Fair, Transparent & Workable Regulatory Environment



Ending Offshore Exploration Permits

PEPANZ has led the industry response to the Government's shock decision on 12 April to cease new exploration beyond onshore Taranaki.

We have been a strong public voice against the decision and have featured in widespread media coverage and debate. We have highlighted the serious impacts on the economy, jobs and energy security as well as the likely increase in global emissions.

As part of this we have commissioned research from the New Zealand Institute of Economic Research on the likely wider impacts on New Zealand households.

At the same time, we have engaged with the Government and officials as much as possible. We are pleased the Energy and Resources Minister has signalled she is willing to use her existing discretion to grant extensions to permits.

Energy Voices

In October we launched the 'Energy Voices' campaign to give voice to concerns over the Government's exploration decision.

The aim of this campaign is to ensure those workers and communities most affected have their say and to build public support for the long-term role of oil and natural gas.

The campaign is based around social media and our content has appeared nearly three million times through Facebook, Twitter, YouTube and Instagram.

The initial focus was on encouraging people to make a submission on the legislative changes. However, many people told us we needed to keep highlighting the important issues around the cost of living, jobs and energy security, so we decided to continue Energy Voices into the new year.



South Taranaki District Plan

PEPANZ has continued to represent the upstream sector through the important (and long running) review of the South Taranaki District Plan since 2015.

In 2018 this has involved numerous hearings in the Environment Court after an appeal from local environmental groups. The Court adjourned in August and a decision is awaited.

Our Submissions

PEPANZ has made numerous submissions to central and local Government this year on important issues affecting our members. We also meet regularly with officials and have presented to several Parliamentary select committees.

Some of our submissions have included:

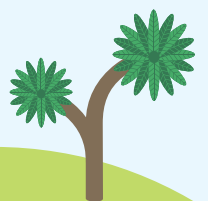
- Crown Minerals (Petroleum) Amendment Bill
- Emissions Trading Scheme consultation
- Decommissioning under the EEZ Act
- Taranaki Coastal Plan
- Zero Carbon Bill

All of these submissions are available on our website.

We have also been working with officials on changes to decommissioning and offshore financial assurance rules to ensure they are fair, workable and practical.



**IN OCTOBER WE LAUNCHED
THE 'ENERGY VOICES'
CAMPAIGN TO GIVE VOICE TO
CONCERNS OVER THE END TO
NEW EXPLORATION PERMITS**



EDUCATE

Trusted by New Zealanders



New Publications in 2018

In October this year, PEPANZ published *The Future of Oil and Gas in a Lower Carbon World*. This report outlines how oil and natural gas have a crucial long-term role and will have much less of an impact on the environment in future.

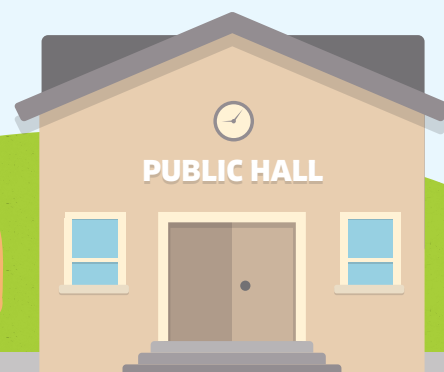
Upstream Online is our monthly e-newsletter for members and stakeholders. It gives a brief, entertaining monthly update on what PEPANZ has been up to, and news and events of interest.

PEPANZ in the Media

In 2018 PEPANZ has been a regular voice in the media on behalf of our industry with over 440 mentions in print, radio, TV and online. This is nearly four times higher than in 2017.

The Government's exploration decision has driven much of this coverage. Other public issues have included seismic surveys, the Petroleum Conference and drilling in Taranaki.

We have published numerous opinion pieces and worked hard to correct any misinformation in the media around our industry and how we work.





Social Media

Our followers on social media have doubled this year with 864 on Facebook and 254 on Twitter, as well as Energy Voices which has 3,426 and 457 respectively. The engaging content and important stories have meant that many times this number of New Zealanders see our messages.

If you don't already, please follow our pages:



@PEPANZ1



facebook.com/energymixnz



@EnergyVoices



facebook.com/energyvoices



Taranaki Tours

Our 'Taranaki Tours' are an important way of showing important stakeholders our industry in action.

In July this year we hosted a group of media on a tour including Westside's Rimu site, TAG Oil's Cheal site, and presentations from the Taranaki Chamber of Commerce and the Taranaki Regional Council.

In August we also hosted a group of students from Wanganui Collegiate to Westside's Rimu site. Thanks to everyone who supported these educational trips.

Oil and Gas in Te Reo

This year we translated and published a new factsheet *Hinu i te ora o ia rā (Oil in Everyday Life)* to celebrate Te Wiki o te Reo Māori (Māori Language week).

It outlines the huge range of products made from petroleum in our daily lives, from appliances and medical products to computers and building materials.

EnergyMix Website

Our educational website energymix.co.nz continues to be a key educational tool on how our industry works. It provides accessible, honest and easy to understand information on all of the big issues involving the oil and gas industry.

The site has had over 10,000 visits this year, a big increase from 4,000 last year. It will continue to be a key tool for us in educating and engaging with the wider public

Earlier this year PEPANZ ran an advertising campaign to drive visits to the site which tripled our regular number of visitors.



SUPPORT

Valued by Members



New Zealand Petroleum Conference 2018

This year's conference held in Wellington attracted a high public profile and media interest.

Around 500 delegates attended including politicians, officials, industry leaders and international experts. Security planning paid off and protest action had minimal impact on proceedings.

Highlights included presentations from:

- Hon Dr Megan Woods, Minister of Energy and Resources
- Kylie Cochrane, Global Lead, Communication and Stakeholder Engagement at Aurecon: *The case for greater community participation in the design of oil and gas infrastructure projects*
- Rob Gardner, Economics & Energy Division Corporate Strategic Planning Department – Exxon Mobil Corporation: *The Outlook for Energy: A global view of energy demand and supply through to 2040*

- Brian Sullivan, Executive Director, IPIECA (the global oil and gas industry association for environmental and social issues): *Aligning the oil and gas industry to the UN Sustainable Development Goals*

PEPANZ Members Events

Two of New Zealand's leading political commentators entertained us at a lively PEPANZ members event in September this year.

Colin James and David Farrar covered the state of politics in New Zealand and around the world, the Trump White House, and the likely outcomes of the 2020 election(s).

In October, a popular launch event was held in our Wellington office for our new publication *The Future of Oil and Gas in a Lower Carbon World*.



Net Zero Committee

In 2017, PEPANZ created a Net Zero Committee to help the New Zealand petroleum sector in efforts to achieve net zero greenhouse gas emissions.

The committee of 14 contains representatives from all major PEPANZ members and is chaired by Dr Kate Bromfield from Elemental Group.

We want to help our industry take a leadership role in the transition to a lower carbon economy. This includes collating information and case studies to show how this is happening now, and potential improvements such as new practices, technological changes and offsets.

The group has met with Climate Change Minister James Shaw this year and produced the new publication *The Future of Oil and Gas in a Lower Carbon World*.



Women in Petroleum

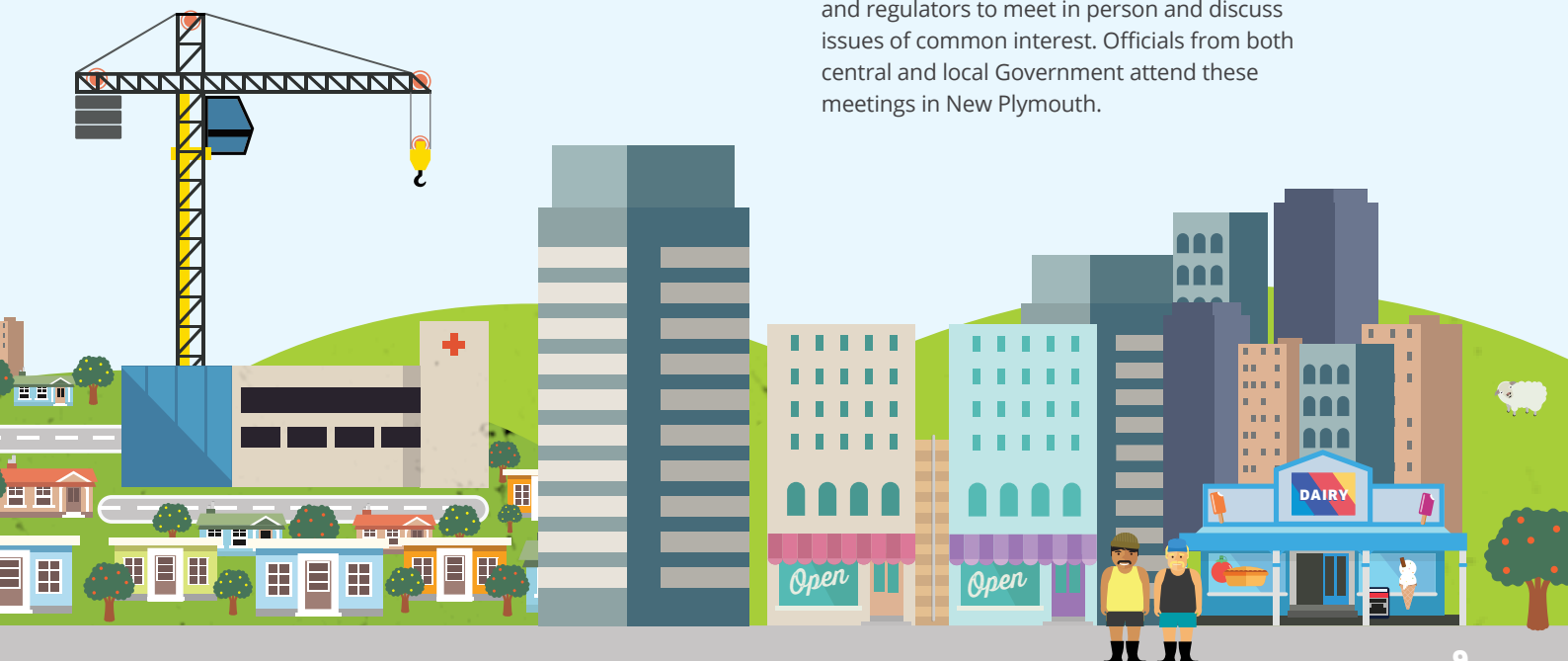
PEPANZ is proud to support Women in Petroleum, an informal industry group that encourages and support the careers of women who work in the petroleum sector.

A breakfast function was held at this year's New Zealand Petroleum Conference with guest speaker Dennis Barnes from Contact Energy discussing the importance of valuing and supporting diversity in the workplace.

In October, Juliet Oliver from Todd Energy won sponsorship to attend the 'Women in Energy & Resources Leadership Summit' in Auckland, thanks to Women in Petroleum and PEPANZ.

Joint Petroleum Operators and Regulators Issues and Practices Forum

PEPANZ runs this quarterly forum for operators and regulators to meet in person and discuss issues of common interest. Officials from both central and local Government attend these meetings in New Plymouth.



2018: THE YEAR THAT WAS

January

- Offshore seismic survey work continues in Taranaki
- PEPANZ Chair Rob Jager recognised in New Year Honours
- Long-serving PEPANZ Policy Manager Andrew Saunders moves to Insurance Council. Joshua O'Rourke starts as new PEPANZ Policy Manager

March

- Shell announces sale of New Zealand assets to OMV
- Dr Joanna Breare elected as PEPANZ Chair
- New Zealand Petroleum Conference held in Wellington

May

- PEPANZ board meets with Prime Minister in New Plymouth to discuss exploration decision

April

- Government announces an end to new offshore exploration permits

June

- Official information shows Ministry of Business, Innovation and Employment warned the Government against ending new exploration, and no cost-benefit analysis or Cabinet paper were prepared

July

- Methanex announces natural gas deal to provide half of supply through to 2029
- Todd Energy opens new \$12 million operations facility at the McKee Mangahewa production station

September

- Greenpeace activists discharged without conviction for their protest action against the Amazon Warrior in March 2017
- PEPANZ Members political forum in New Plymouth
- PEPANZ publishes Hinu i te ora o ia rā (Oil in Everyday Life) to celebrate Te Wiki o te Reo Māori (Māori Language week)
- Government figures show ending exploration could cost \$7.9 billion in taxes and royalties while increasing emissions

November

- Legislation ending new exploration passes in Parliament
- TAG Oil announces sale of New Zealand operations to Tamarind
- WEC Secretary General Christoph Frei visits New Zealand for the Asia Pacific Energy Leaders Summit
- International Energy Agency (IEA) publishes World Energy Outlook 2018, showing strong continued demand for natural gas

- Environment Court adjourns after hearing additional evidence on the South Taranaki District Plan appeal
- OMV wins 'Innovation Energy Award' at the Deloitte Energy Excellence Awards

August

- Energy Voices campaign begins
- PEPANZ publishes 'Future of Oil and Gas' publication
- Select Committee hearings on Bill to end new offshore exploration permits
- Ireland vote against law to ban offshore exploration, reducing the number of countries who have to three

October

- NZIER research into economic impacts of ending new offshore exploration published, showing major impact on cost of living for New Zealand households
- PEPANZ Members and Stakeholders Christmas Function in Wellington

December



INDUSTRY CHAMPIONS RECOGNISED

The PEPANZ Hall of Fame is a lifetime achievement award presented to a long serving individual for their outstanding contribution to the oil and gas sector. This year's recipient is Rob Jager.

Rob joined Shell in 1978 in New Plymouth and has nearly 40 years' experience in the energy industry, working in a variety of senior roles both here and overseas.

Highlights include chairing the Government's Independent Taskforce on Workplace Health and Safety set up following the Pike River Mine disaster, and the Business Leaders' Health and Safety Forum which now involves 300 chief executives and managing directors.

This year he was recognised as an Officer of the New Zealand Order of Merit (OMNZ) for his services to business and health and safety.

Rob is the former Chair of PEPANZ and has recently moved to Perth to provide leadership to Shell's Prelude LNG project.

Beach Energy, Kinetic and Petromac were also recognised this year at the New Zealand Petroleum Conference Awards, sponsored by Chevron:

- Excellence in Community Partnership and Engagement – Beach Energy, for their support of Taranaki rugby.
- Exceptional Health, Safety and Environmental Leadership – Kinetic, for their innovative new electronic reporting system.

- Outstanding Innovation in Oil and Gas – Petromac, for developing a number of devices that help the conveyance of electric logging tools in deviated oil and gas wells.

OMV also won the 'Innovation Energy Award' at the annual Deloitte Energy Excellence Awards in Auckland this year for repair work on the offshore Maari platform. Judges recognised this challenging and cost-saving work as a remarkable success.



PEPANZ: OUR PRIORITIES

We aim to secure conditions that enable Member companies to operate safely, sustainably and profitably.

We work with central and local government to ensure the country's regulatory and commercial framework promotes investment and maximises the return to both industry and the community from developing the nation's oil and gas resources.

We also seek to increase community and government understanding of the industry by publishing information about the sector's activities and its economic importance to

New Zealand, while also working on delivering direct value to our Members.

Our work is focused on three key themes: Advocate, Educate and Support. Through these themes, we aim to create for the industry a fair, transparent and workable regulatory environment, the trust and confidence of New Zealanders and tangible value for our Members.

Advocate

Fair, transparent and workable regulatory environment

Policies needed to responsibly advance the sector are understood and advanced

Specific issues resolved (e.g. decommissioning regulations, EEZ regulations and guidance to Maritime Transport Rules)

Sensible district plans

Evidence-based, consistent, fair and stable policy settings for marine use and protection

Economically and environmentally reasonable and rational framework for emissions reduction

Effective relationships with key stakeholders

Educate

Trusted by New Zealanders

Regarded as an authoritative and reasonable voice in the debate about the future of energy and the environment

Increase public knowledge, favourability and trust in the sector

Promote evidence-based discussions about the sector and its role in providing energy and reducing emissions

Effective relationships with key stakeholders

Support

Valued by Members

Increased networking opportunities for Members

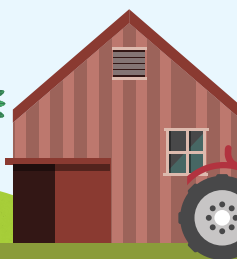
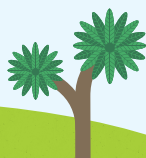
Responsible and responsive to Members

Relevant and regular communication with Members

Outstanding conference

More guidelines developed

Effective relationships with Members



OUR BOARD

PEPANZ is governed by a Board that is elected annually from our membership base. The Board meets quarterly, and sets the strategy for the organisation as well as monitoring the delivery of our Business Plan.



Joanna Breare

Chair
Todd Energy



David Coull

Deputy Chairman
Bell Gully



Gabriel Selischi

Representing Large Producers
OMV



Mat Quinn

Representing Large Producers
Beach Energy



Max Murray

Representing Medium Producers
TAG Oil



Andrew Jefferies

Representing Medium Producers
New Zealand Oil & Gas



Nathan Palmer

Representing Large Explorers
Chevron



Jason Peacock

Representing Small Producers /
Small Exporters AWE



Nick Jackson

Representing Associate Members
Elemental Group

TAG Oil

BELL GULLY

AWE

NEW ZEALAND OIL & GAS



OUR STAFF > Meet our team of professionals



Cameron Madgwick Chief Executive

Cameron is the Chief Executive of PEPANZ, a role he took up in September 2014. Cameron's interest in the oil and gas industry started at an early age. Growing up in Taranaki he saw first-hand how a strong and robust oil and gas industry can truly benefit a community – both their financial and social well-being. Cameron is committed to ensuring New Zealanders have access to factual, honest and transparent information about the oil and gas industry.



Joshua O'Rourke Policy Manager

Josh leads PEPANZ's policy programme, working with members and other stakeholders to promote policies that are fair and reasonable for the oil and gas sector. Josh has a strong public policy background and understanding of the key regulatory matters relevant to the oil and gas sector. Previously Josh worked on petroleum policy at the Ministry for the Environment, the Environmental Protection Authority, and at the Ministry of Business, Innovation and Employment. He joins PEPANZ most recently from Straterra, the industry association for the New Zealand minerals sector.



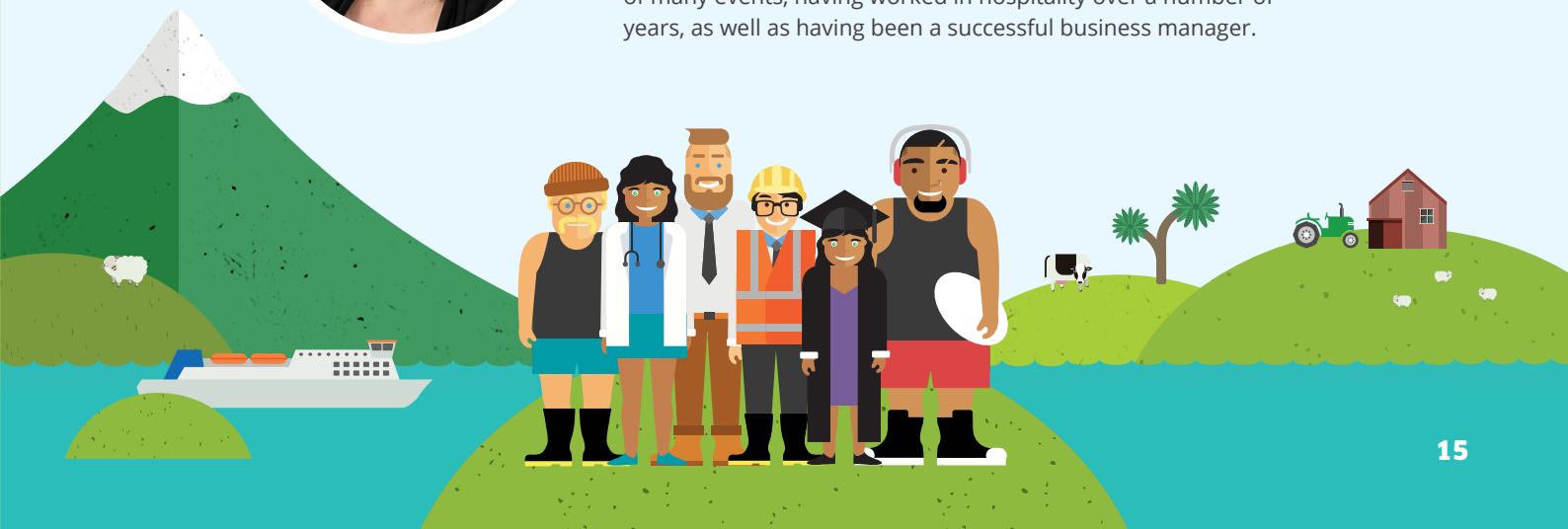
Phil Rennie Communications Manager

Phil leads PEPANZ's communications work, helping engage with and tell the story of the industry to stakeholders, the public and media. He is the first point of contact for any media enquiries. Before joining PEPANZ, Phil worked as a Press Secretary to a Government Minister for eight years and has also worked in communications roles for professional membership bodies in New Zealand and overseas.



Carolyn Clark Office and Events Manager

Carolyn is involved in the execution of all PEPANZ events, and takes the lead role in managing the annual New Zealand Petroleum Conference. She also ensures the smooth running of our Wellington office. Carolyn brings with her a wide range of relevant experience. She has ensured the successful execution of many events, having worked in hospitality over a number of years, as well as having been a successful business manager.



OUR MEMBERS

We are proud to both represent and advocate on behalf of our 68 Members, who through their activities are helping grow the New Zealand economy and secure New Zealand's long-term energy security.

Our membership is made up of a wide range of companies in the oil and gas sector – from some of the world's largest multinationals, right through to local companies who provide a range of essential services. Together, our membership is responsible for an estimated 95 percent of New Zealand's petroleum production and this scale allows us to advocate successfully on their behalf.

Large Producers



Medium Producers



Large Explorers



Small Producers/Small Explorers



Field Operations Servicer Providers



Non-field Service Providers

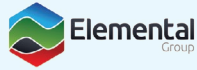
BELL GULLY

btw company
surveyors · planners · engineers · land & gis services

**CHAPMAN
TRIPP**



Deloitte.



**BUDDLE
FINDLAY**



KensingtonSwan
*LAWYERS



**MinterEllison
RuddWatts**
LAWYERS

AECOM

GovettQuilliam
THE LAWYERS



GreenwoodRoche

**Russell
McAugh**

**anderson
lloyd.**



Others



Longbay
Petroleum Associates Ltd.

Dr. Peter Kamp

Star Offshore Services

Safe Work Solutions

THE YEAR AHEAD

2019 promises to be another big year for the oil and gas industry in New Zealand.

A number of exploratory drilling projects are planned in Taranaki over the next 12 to 18 months and all offshore exploration permits are rapidly approaching their 'drill or drop' dates.

This work has taken on added importance for New Zealand given we have only seven years of natural gas supply left. We need to make new discoveries very soon to avoid a supply gap.

While this upcoming work is very welcome, it's still an uncertain time for many people in Taranaki who don't feel they've been listened to by the Government. PEPANZ will continue to run the Energy Voices campaign to highlight these serious issues.

Around the world the picture is almost the opposite. The price of oil has stabilised and demand for natural gas is booming with a number of enormous new projects underway in places like Australia, Canada and Mozambique.

In particular, LNG is becoming a new export commodity as suppliers gear up to meet rising demand from Asia. What a bizarre outcome it would be if New Zealand ends up having to import higher-emitting and more expensive LNG from Australia!

Planning is well underway for the New Zealand Petroleum Conference next year. We are putting a lot of thought into the focus and scope of this event, given the change in scope for Block Offers which have previously been a strong feature. The location and timing are still to be confirmed, but it is likely to be in the second half of 2019.

The Government has also committed to a full review of the Crown Minerals Act in 2019 including proper public consultation. Ensuring the best possible outcome for the industry and New Zealand will be a key focus for PEPANZ and again highlights the importance of having a unified industry voice.

Thank you for your support and we look forward to working with you in 2019.

Nāku i runga i aku mihi ki a koe.



Cameron



THANKS

to all our Members
for the support you
have given PEPANZ
during 2018.

– PEPANZ Team



