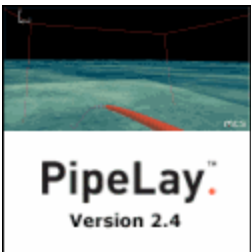


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"Saudi-size" structures await oil explorers in NZ

Neil Ritchie, New Zealand
Tuesday, 29 May 2007

NEW Zealand has enormous oil and gas potential – with some "Saudi-sized" structures in the deepwater surrounding the country, according to GNS Science hydrocarbons marketing manager David Darby.

The country had the fourth-largest exclusive economic zone (EEZ) in the world and over 30% of that was sedimentary basins, he said in Wellington yesterday.

It was known some of those basins were mature, had sediments exceeding 10km in thickness, and they looked ripe for exploration.

Darby estimated up to 10 billion barrels of oil, or the equivalent, could be recovered from future discoveries around New Zealand.

"New Zealand is virtually surrounded by sedimentary basins; there are a large number of structures that are already mapped; and there are some known source rocks, generation pathways, reservoirs and seals," he said.

It was the deepwater basins – which included the Great South Basin, Deepwater Taranaki Basin and Northland Basin – where the potential economic benefits were huge, with mega trillion cubic feet gas finds and hundreds of millions of barrels of crude possible.

"The deepwater frontiers of New Zealand beckon," he said.

Darby also highlighted the adverse ongoing economic impact of New Zealand having to import nearly all its oil.

The country's self-sufficiency in oil had slumped from a high of about 50% during the 1990s to its present level of only 13% – or about 8MMbbl from Taranaki's producing fields.

Existing data suggested New Zealand's peak oil production was in 1997 and its peak gas flows were in 2000.

"It is declining much faster than previously predicted, due to our increasing consumption of oil, and this means we import a huge amount of oil into NZ with an enormous impact on our balance of payments."

That meant of an annual bill exceeding \$US3 billion to make up the shortfall, he added.

Darby said Taranaki, the country's only commercial oil and gas region, was still capable of producing surprises – such as the "subtle" Tui, Amokura and Pateke oil pools found by operator Australian Worldwide Exploration and its partners, or Greymouth Petroleum's onshore Turangi gas-condensate discovery.

But Taranaki was still under-explored by world standards, with only a total of about 400 wells drilled so far, compared with the thousands that had been drilled in the similar-sized British portion of the North Sea.



GNS Science's David Darby

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Potential source rock volume for deepwater Taranaki was about 20,000 cubic kilometres, with potential oil in place of about 3 trillion barrels.

And Taranaki was only a tiny proportion of New Zealand's EEZ, Darby added.

About 50 potential oil-bearing structures had already been identified in the Northland basin, five of them measuring more than 100 million square kilometres, and the East Coast basin had layers of sedimentary rocks 13km deep, though its geology was almost totally unknown.

Between Wellington and Marlborough was the Pegasus Sub-basin, relatively unknown, but "large, thick and the right age".

Darby said some of the already mapped Great South Basin structures were "Saudi sized structures, they are that big".

The GSB measured 100,000sq.km and Hunt Petroleum found hydrocarbons in four of the eight wildcat wells it drilled there between 1976 and 1984.

Kawau-1A tested gas, at rates of up to 6.8 million cubic feet per day, with reserves estimated as 461 billion cubic feet, but the find was rated sub-commercial because of then low world oil prices and domestic gas prices.

Another well, Toroa-1, "bled thick dark oil", said Darby, but it was not tested when it was accidentally sealed.

"People are now taking another close look at the GSB," he added.

The government is expected to announce the results of the recently closed GSB bidding round, for 40 near identical blocks, in July.

Darby told *PetroleumNews.net* that the offshore Taranaki and Northland basins had the potential to be another North Sea "with a greater density of exploration and more different play concepts".

"Greater Taranaki, and I include Northland here, has the characteristics of world-class petroleum systems around the globe."

He believed New Zealand could become another Norway. There were many similarities between the countries – both were long, thin land masses, with similar geographies, populations and energy mixes.

"It might take a while but the potential is definitely there," Darby added.

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