



## ASX Announcement

April 23, 2007

# AWE's Tui Development Update

### Arrival of FPSO and status of offshore installation activities

Another key milestone for the Tui Area Development was achieved at the weekend with the arrival of the Floating Production Storage and Offloading ("FPSO") vessel, *Umuroa*, after a 21 day voyage from Singapore.

AWE Ltd is the operator and owner of a 42.5 per cent stake in the Tui Area Development oil project in New Zealand's offshore Taranaki basin.

The arrival of the FPSO marks the beginning of the final stage of development in the project which remains on schedule to produce its first oil by June 30.

Weather permitting, the *Umuroa* will this week be connected to its turret mooring system linked to nine pre-installed mooring lines. This system allows the vessel to weather-vane around the turret.

The Tui Area Development is now well advanced, with a number of the key elements completed despite some unfavourable weather in the Taranaki basin in recent months. The most weather sensitive element, the installation of the four mid-water arches, which support the production flow lines from the sub-sea wells, has already been completed. The gas lift lines have also been successfully laid, as have two of the four production flowlines.

After assisting with the *Umuroa* mooring operation, the offshore construction vessel, *Rockwater II*, will return to laying the remaining subsea flowlines and umbilicals and connecting them to the *Umuroa* via the mid water arches (see attached diagram).

All four sub-sea well heads and associated trees have been successfully installed and will be progressively connected to the flowlines and umbilicals.

In parallel with the completion of the subsea construction work, preparations for the extensive commissioning of the FPSO processing and subsea well control systems will proceed following the mooring of the vessel.

## Status of exploration and development drilling activities

The development drilling campaign is also advancing, with the Tui-2H and Tui-3H wells completed. The Amokura-2H well is currently being drilled with the horizontal production section expected to commence this week. Following the completion of Amokura-2H, the *Ocean Patriot* drilling rig will be moved to the Pateke-3H well location to complete the final phase of the development drilling.

At the conclusion of the development drilling phase, the rig will be released to undertake the exploration campaign, including the drilling of Hector-1, Taranui-1 and West Cape-1. Further reporting on the drilling programme will be undertaken via AWE's regular weekly drilling updates.

The Tui Area Development is located within PMP 38158, in the Taranaki basin, approximately 50 kilometres offshore of the west coast of the North Island of New Zealand. When fully commissioned, a production rate peaking at 50,000 barrels of oil per day is anticipated.

### Commenting on the update, AWE's managing director Mr Bruce Phillips said:

*"Despite some inclement weather and a difficult global construction market, we are making satisfactory progress towards our goal of producing first oil safely by June 30.*

*"AWE as Operator appreciates the co-operative approach of its many contractors, the Tui joint venturers and regulatory authorities in reaching the important milestones to date.*

*"Collectively we remain focussed on completing the task and bringing the project safely into production for the benefit of all stakeholders."*

### Participants in PMP 38158 are:

<b>AWE * (Operator)</b>	<b>42.5%</b>
Mitsui E & P New Zealand Limited	35.0%
Stewart Petroleum Company Ltd ("New Zealand Oil & Gas")	12.5%
WM Petroleum Ltd ("Pan Pacific Petroleum NL")	10.0%

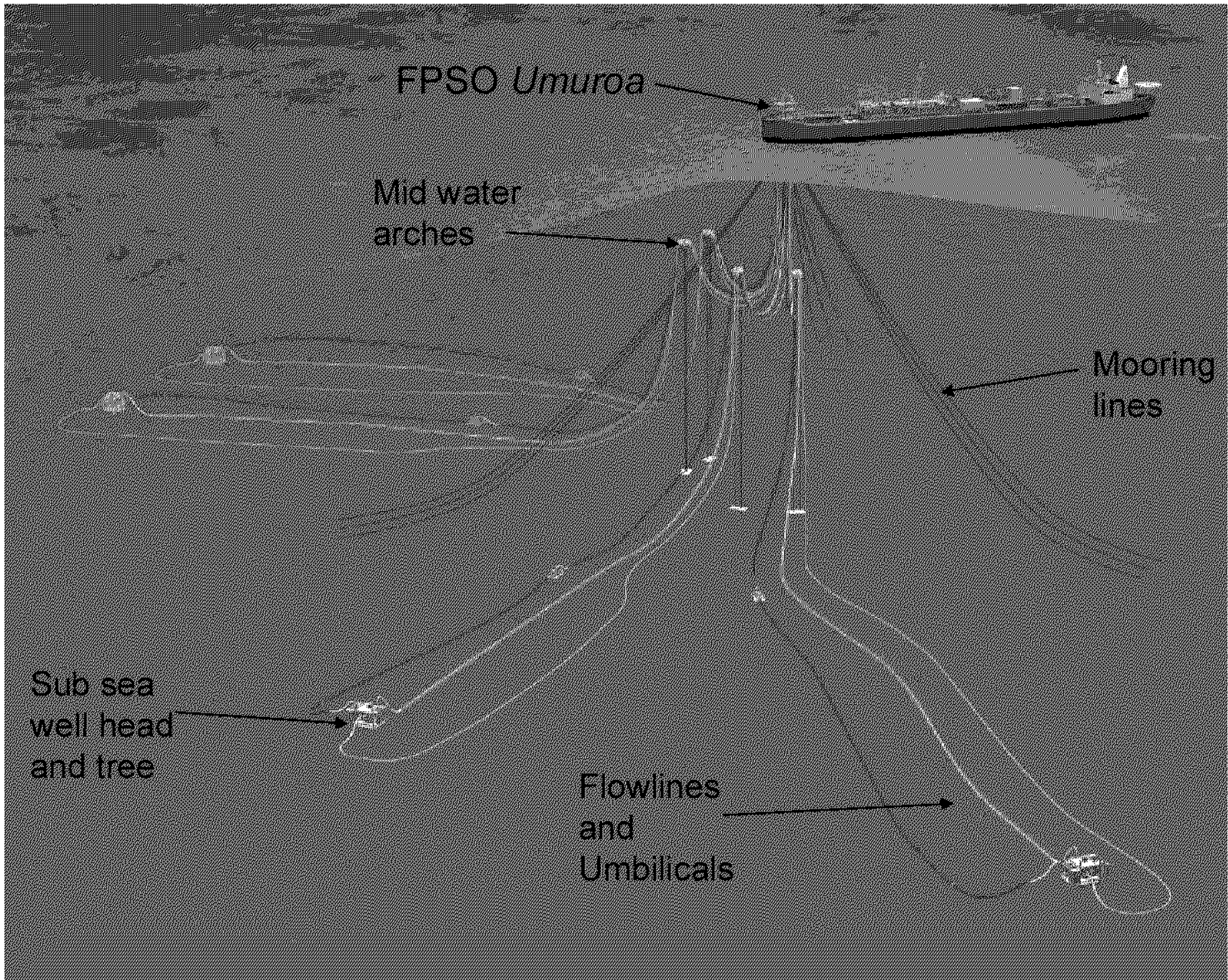
\* New Zealand Overseas Petroleum Pty Ltd (22.5%)  
AWE New Zealand Pty Limited (20.0%)

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Australian Worldwide Exploration

## **Tui Area Development AWE 42.5% and operator**

### **History**

- In early 2003, AWE participated in the Tui-1 oil discovery in the Western platform region of the offshore Taranaki basin. The oil discovery was made in the secondary objective Kapuni "F" sandstone reservoir, where a thin oil column was encountered.
- Following the Tui discovery, a 350 square kilometre 3D seismic survey was acquired over the Tui field and the surrounding area.
- In early 2004, a multi-well appraisal and exploration programme was initiated, with further exploration success at both the Amokura-1 and Pateke-2 wells within the same reservoir sequence.
- The Tui Area Development was declared commercially viable in 2005. A Final Investment Decision was made by the joint venture in November 2005.
- AWE acquired a further 22.5% equity interest in the development in early 2006, following the acquisition of New Zealand Overseas Petroleum Limited. This acquisition resulted in AWE's share of the project rising to 42.5%.
- In parallel with the NZOP deal, AWE became the project operator.

## **Project Overview**

- AWE holds a 42.5% interest in PMP 38158, which contains the Tui, Amokura and Pateke oil fields. These fields comprise the Tui Area Development.
- AWE is the operator of the Tui Area Development and the surrounding key exploration permits.
- In PMP 38158, the other ultimate project participants are Mitsui (35%), New Zealand Oil and Gas Limited (12.5%) and Pan Pacific Petroleum Limited (10%).
- Following the Final Investment Decision in late 2005, the development has advanced as expected with a planned capital expenditure budget of US\$245 million. The capital expenditure budget does not include the purchase and refurbishment of the floating production storage and offtake (FPSO) vessel, which will be leased by the joint venture.
- Current proved and probable oil reserves in the three fields are currently estimated at 27.9 million barrels.
- The Tui Area Development is AWE's first offshore development in New Zealand and its first offshore operated project.
- First oil production from the project is expected by the end of June, 2007. Initial production rates are expected at 50,000 barrels of oil per day.
- AWE is targeting an EBITDA contribution of A\$187 million in the first full year of production from the project, based on a WTI oil price of US\$50 per barrel.

## **Project facilities**

- Tui Area oil will be produced from four wells, linked to a leased FPSO vessel, the *Umuroa*. The Tui joint venture will lease the *Umuroa*, at an initial cost of approximately US\$178 million for the initial five-year phase of the project.
- The *Umuroa* was refurbished in Singapore and arrived in New Zealand waters on April 23, 2007.
- A portion of the Tui Area Development equipment has been manufactured in New Zealand by Fitzroy Engineering which won a contract for close to \$NZ 6 million the supply of important offshore equipment for the project.
- The four development wells commenced drilling in early 2007, as part of an eight well exploration and development campaign in the Taranaki Basin. AWE is operator for this large continuous drilling programme.
- Oil sales will be undertaken by offshore loading to an export oil tanker.
- The joint venture has appointed AWE as the oil marketing Operator and Mitsui as the marketing agent for the project. The oil is expected to be largely sold to New Zealand and Australian refineries, which are equipped to refine Tui's high quality crude oil.
- The project currently remains on time and on budget, with first oil production expected by the end of June, 2007.

## **Umuroa Specifications**

- The Norwegian company, Prosafe, has converted the Suezmax tanker, *Ionikos* in Singapore for the Tui Area Project.
- The vessel will be turret moored in approximately 120 metres of water.
- The *Umuroa* is a single hull vessel, capable of storing over 700,000 barrels of crude oil.
- The vessel has a processing capacity of 50,000 barrels of oil per day, and can handle up to 120,000 barrels of fluid per day.
- The vessel can accommodate up to 40 people.

## Exploration activity in the Taranaki Basin

- AWE is undertaking its largest ever exploration programme in New Zealand.
- AWE will drill eight exploration and development wells in the Western Platform region of the Taranaki basin in a program likely to cost AWE and the joint venture partners in excess of US\$60 million.
- AWE will operate all of the Taranaki Basin wells on behalf of various joint ventures which contain significant international and local oil companies such as Shell, Mitsui, OMV and Todd Petroleum.
- The planned wells are summarised below

Well Name	Basin	AWE share	Expected Timing
Tui-2H	Taranaki	42.5%	Completed
Tui-3H	Taranaki	42.5%	Completed
Amokura-2H	Taranaki	42.5%	Currently drilling
Pateke-3H	Taranaki	42.5%	Awaiting rig for completion
Hector-1	Taranaki	44.3%	Q2, 2007
Taranui-1	Taranaki	42.5%	Q3, 2007
West Cape-1	Taranaki	40.0%	Q3, 2007

## Benefits to New Zealand

- Tui Area Development will increase New Zealand's energy self sufficiency and provide the economy with strong export revenues.
- The project will provide substantial royalty and tax income for the New Zealand economy.
- Local New Zealand participation and employment opportunities in the Tui Area Development will provide an important boost for the local Taranaki economy.
- Increased exploration and development success in the oil industry will attract further overseas investment in the oil industry and assist in decreasing exploration costs for the industry.

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# Taranaki Basin

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