

11 October 2018

Committee Secretariat  
Environment Committee  
Parliament Buildings  
Wellington

**CROWN MINERALS (PETROLEUM) AMENDMENT BILL**  
**Submission by the International Association of Geophysical Contactors**

**1. Introduction**

- 1.1 This submission is made on behalf of the International Association of Geophysical Contractors (**IAGC**) on the Crown Minerals (Petroleum) Amendment Bill (**Bill**).
- 1.2 IAGC is a global trade association representing more than 110 member companies worldwide from all segments of the geophysical and exploration industry. As such, IAGC represents world leaders in geophysical data acquisition.
- 1.3 IAGC has operated for more than 45 years as the most credible and effective voice for promoting and ensuring a safe, environmentally responsible and competitive geophysical industry. Consistent with this approach, IAGC is on the record as opposing the Bill (see press release in **Appendix 1**) and wishes to appear before the Committee in support of this submission on the Bill.

**2. Summary of position**

- 2.1 IAGC is fundamentally opposed to the Bill. The Bill fails to protect existing petroleum prospecting permit holders, like IAGC's members, who have invested heavily in what was legitimately expected to be a stable regulatory environment. For IAGC's members, the Bill will result in a loss of more than NZ\$104 million in unrealised investment in the offshore oil and gas industry.
- 2.2 Not only will the Bill negatively affect IAGC's members, it will have a significant economic impact on New Zealand and New Zealanders. The Government's own advice is that the fiscal impact to the Crown will be up to \$23.5 billion, while the negative impact on company profits is estimated to be up to \$199 million.<sup>1</sup> The decline of the oil and gas sector will also reduce employment opportunities, will affect the security of oil and gas supplies and, without viable alternatives, will likely involve the importation of fuels and lead to an increase in oil, gas and electricity prices. At a broader level, IAGC confirms that the proposals have undermined offshore investment and business certainty in New Zealand and is removing New Zealand as a destination for investment.

---

<sup>1</sup> Ministry of Business, Innovation and Employment *Impact Statement: Proposed changes to the Crown Minerals Act 1991*, (3 September 2018) at p 5.

- 2.3 The Bill represents flawed and undemocratic decision-making by the New Zealand Government and is not of the normal standard that IAGC and IAGC's members expect from New Zealand. The Government has not consulted with IAGC (despite requests by IAGC), IAGC's members or, from what IAGC can tell, any other affected parties. Rather it has put in place measures to reduce or remove the opportunity for consultation. For example, it has curtailed the standard six-month select committee process to just four weeks. The Bill will also allow the Government to change the Minerals Programme for Petroleum (**Petroleum Programme**) without proceeding through the normal public process provided for in the Crown Minerals Act 1991 (**Act**). The Government has signalled to the world that it is not interested in hearing alternative views.
- 2.4 The purported primary driver for the introduction of the Bill is to reduce contributions to climate change. However, there is no analysis supporting the Bill to support this outcome being likely. IAGC understands that to keep up with New Zealand's existing demand it is more likely that low emissions from New Zealand energy sources will be displaced by overseas energy sources with higher emissions. Further, net emissions world-wide are not going to change.
- 2.5 IAGC strongly urges the Committee to recommend that the Bill is withdrawn. There are an overwhelming number of reasons to support this approach, which are described at a high level in this submission. However, in the event that the Committee does not agree to IAGC's request, IAGC suggests some potential amendments to help ease the significant impact on its members and to be fair to them. For example, so that existing petroleum prospecting permit holders have the same benefit provided to other permit holders, the Bill could be amended to:
- (a) Enable them to make applications for petroleum exploration permits and subsequent mining permits within areas that are subject to existing petroleum prospecting permits, or areas subject to historical petroleum prospecting permits; and
  - (b) As has been the case previously, continue to allow the next Block Offer and future Block Offers for petroleum exploration permits to include areas that are subject to existing petroleum prospecting permits, or areas subject to historical petroleum prospecting permits.

### 3. **Background to IAGC and its interests in New Zealand**

- 3.1 IAGC's members are sophisticated researchers of the world's seabed. IAGC's members invest significantly in countries with stable regulatory regimes and uncover the nature of what is beneath the world's oceans. As a result, IAGC represents the majority of the world's data acquisition capacity and the majority of owners of non-exclusive data in libraries today.
- 3.2 Over many years IAGC's members have obtained and interpreted data relating to the nature of New Zealand's seabed. They have done so by acquiring multi-client seismic data for an area of approximately 74,665 km<sup>2</sup> in offshore New Zealand under non-exclusive prospecting permits

which provide the right, over a 15 year period, to licence and market data to the petroleum industry.

3.3 In New Zealand, the data that IAGC's members collect is typically licensed to entities which use it to identify areas to bid on for exploration permits through the Government's usual Block Offer process.

#### 4. **Submissions on the Bill**

4.1 IAGC strongly opposes the Bill and seeks that the Committee recommend its withdrawal for the following reasons:

- (a) The Bill will result in significant loss to IAGC's members;
- (b) The transitional provisions in the Bill do not recognise or protect the rights and investment of existing prospecting permit holders;
- (c) The Bill undermines investment certainty in New Zealand;
- (d) The Bill will have a significant economic impact on New Zealand and New Zealanders;
- (e) The Bill is progressing through an undemocratic process; and
- (f) The Bill does not promote good environmental outcomes.

4.2 We expand below.

#### 5. **The Bill will result in significant loss to IAGC's members**

5.1 As a result of the Bill, no new petroleum permits will be available in New Zealand (beyond onshore Taranaki). Consequently, both domestic and international companies will have no choice but to write off millions of dollars of investment in offshore multi-client seismic data made in expectation and anticipation of future leasing and exploration activities, which will now never be realised.

5.2 The Government, through the Bill or otherwise, does not provide any compensation or transitional mitigation packages to these companies for this sudden regime change.

5.3 Overall, the Bill will result in a loss of more than NZ\$104 million since 2013 in unrealised investment by IAGC's members in New Zealand's oil and gas industry. This investment relates to data collected for an offshore area of approximately 74,665 km<sup>2</sup>.

**6. The transitional provisions in the Bill do not recognise or protect the rights and investment of existing prospecting permit holders**

- 6.1 The Government continues to state publicly that the Bill will ‘preserve’ existing permits for petroleum and therefore recognise existing investment in New Zealand. This is not accurate. The Bill provides some transitional protection for existing petroleum exploration and mining permits but fails to offer any protection or compensation for existing petroleum prospecting permit holders such as IAGC’s members.
- 6.2 To understand how IAGC’s members have been unfairly treated relative to other industry players, you need to understand how the current system works.
- 6.3 The Act provides rights for all prospecting permits to be converted into subsequent exploration and mining permits. The current Petroleum Programme does not guarantee these rights because the system seeks to create competitive tension in the market to attract investment in exploration in New Zealand. It does that by enabling companies (like IAGC’s members) who create data under petroleum prospecting permits to use (or sell) that data for up to 15 years after it is acquired and then, with a lot of excitement fostered by New Zealand Trade and Enterprise (**NZTE**), New Zealand Petroleum and Minerals (**NZPAM**), and the Ministry of Business, Innovation and Employment (**MBIE**) representatives at events around the world, promoting exploration through the regular release of potential areas for exploration permits, known as “Block Offers”.
- 6.4 The existing regime is designed to entice IAGC’s members to research New Zealand’s seabed and then, with that information, to create a healthy, competitive market place where companies can bid at the highest price (for the benefit of the New Zealand Government) for exploration permits through regular block offers. For example, the Petroleum Programme states that a block offer will normally include areas that were surveyed by a multi-client seismic surveyor.<sup>2</sup>
- 6.5 If previous Governments had not taken the approach in the Act and the Petroleum Programme there would not be any incentive for IAGC’s members to research New Zealand’s seabed. There would not be any commercial interest in New Zealand’s resources. Nor would there be a competitive market for that data; there would be a few entrenched players who could potentially lock up areas and not use them, which could deny the Government royalties.
- 6.6 It may be that the current Government does not want any of these settings. However, the approach they have taken in the Bill undermines the previous approach and the transitional provisions do not fairly treat all existing permits in the same way. All permit holders obtained their permits under the same regime, but only the rights of exploration permit holders are being respected.
- 6.7 The Bill provides (at clause 23) that permits for petroleum that existed immediately before the Bill comes into force will continue to have effect in accordance with the Act (including sections 32,

---

<sup>2</sup> Petroleum Programme 2013, at clause 7.3.

36, 39 and 40) as if it was prior to the Bill coming into force. Under this transitional regime, the holders of existing petroleum exploration permits will be entitled (under section 32 of the Act and the Petroleum Programme) to apply for a subsequent mining permit and realise their investment to date. Petroleum prospecting permit holders do not have the same right due to the way the system is set up and therefore cannot rely on section 32 of the Act. The Bill fails to recognise the unfairness of this approach and does not provide a mechanism for the holders of petroleum prospecting permits to realise their investment, like the holders of exploration and mining permit holders.

## **7. The Bill undermines investment certainty in New Zealand**

7.1 The Government (using NZPAM, NZTE, and MBIE) has for decades promoted investment in New Zealand's minerals industry on the basis that New Zealand has a stable and predictable regulatory regime, is an attractive jurisdiction for investment in petroleum, is a low risk country and has a Government focused on business growth.

7.2 Since 1991 the Act has promoted prospecting and mining, including for petroleum, for the benefit of New Zealand. The Petroleum Programme itself also currently recognises the need to minimise "the risk that the government may unexpectedly change significant aspects of its policy and investment regime and the legal rights applying to investors to the detriment of investors."<sup>3</sup>

7.3 Companies, such as IAGC's members, made significant investments on the basis of these representations and the legal framework in the Act and the Petroleum Programme. The Bill conflicts with the Government's past approach, the purpose of the Act, and with New Zealand's stable regulatory environment in this area. It was introduced by the Government in response to its April announcements, which came with no prior warning (either in campaign manifestos or the Coalition or Confidence and Supply Agreements) and no consultation with industry. This approach:

- (a) erodes both domestic and offshore investment and business certainty in New Zealand;
- (b) will significantly affect New Zealand's international reputation across sectors; and
- (c) will remove New Zealand from a significant international market; and
- (d) will transfer economic and geopolitical power to other nations.

7.4 Now there cannot be reliance on New Zealand's laws, perceived transparent decision-making, and anticipated long-term investment certainty. IAGC's members and partners, which represents a broad range of global companies, will be extremely reluctant to invest in New Zealand in the future after their experience.

---

<sup>3</sup> Definition of sovereign risk, Petroleum Programme 2013, at page 7.

## 8. **The Bill will have a significant economic impact on New Zealand and New Zealanders**

8.1 In addition to the direct impact of the Bill on IAGC's members, it is clear that the Bill will have a significant economic impact on New Zealand and New Zealanders:

- (a) The oil and gas sector currently contributes \$2.5 billion a year to New Zealand's GDP - more than shipping, fisheries and aquaculture combined. This contribution will significantly decline as the Bill takes effect.
- (b) The direct royalty and tax revenue impact to the Crown is estimated to be up to \$23.5 billion, while the impact on company profits is estimated to be up to \$199 million.<sup>4</sup>
- (c) The Government has not taken the necessary steps to ensure that an adequate alternative to oil and gas is in place, or put in place a contingency plan, before it limits New Zealand's domestic supply. As a result:
  - (i) New Zealand will become reliant on international supplies of oil and gas, jeopardising our security of supply. New Zealand will join other countries that do not have a significant oil and gas producing sector such as Belize, Costa Rica and France. However, unlike these countries, New Zealand cannot rely on supply from pipelines.
  - (ii) Without an alternative, as domestic oil and gas becomes increasingly scarce over time, it can be expected that gas and electricity prices will rise and potentially become unaffordable.
- (d) The regulatory impact statement from MBIE notes that the Bill will cause a significant reduction in the contribution of the industry to the national and regional economies in the coming decades. In particular, it will result considerable job losses as the industry hires a number of specialists and will reduce employment opportunities. The Taranaki region will be considerably affected as the industry currently accounts for 30% of Taranaki's GDP.

## 9. **The Bill is progressing through an undemocratic process**

9.1 The approach that the Government has taken in introducing the Bill, and to passing it through the House of Representatives, is undemocratic and does not represent good administrative law principles or natural justice.

9.2 A policy is normally developed by the Government over time with an initial discussion document, wide consultation and public workshops. However, the Government's policy decision in respect of the Bill was made in a vacuum without taking these development steps. Further, the policy

---

<sup>4</sup> Ministry of Business, Innovation and Employment *Impact Statement: Proposed changes to the Crown Minerals Act 1991*, (3 September 2018) at p 5.

decision was not taken to Cabinet for agreement and the MBIE Impact Statement and Cabinet Papers were prepared after the policy decision had already been made.

- 9.3 As noted, the Government has failed to consult with the industries affected and the New Zealand public prior to the Bill being introduced, both of which will be significantly impacted. IAGC has sought to meet with the Prime Minister, Deputy Prime Minister and Minister for Energy and Resources to discuss the Government's policy and the effects of their policy decision. However, the Minister's office advises that the Minister is not available to meet until after the Select Committee process has been completed. New Zealand First has declined to meet with IAGC. (IAGC's correspondence with the Government is attached as **Appendix 2** to this submission.)
- 9.4 Diligent consultation before introducing the Bill could have allowed the Government to mitigate the adverse effects that it will have on the industry and maintain some domestic and international confidence in New Zealand's regulatory system and market. The short four week select committee process (as opposed to the usual six month process) also does not allow sufficient time to enable the people to meaningfully contribute to the policy and drafting process through submissions and the hearing. IAGC's members come from all parts of the world and are unable to mobilise to within these timeframes.
- 9.5 In addition, clause 27 of the Bill allows the Minister to amend the Petroleum Programme to make "consequential amendments" without going through the standard public notice and submission process set out in sections 16-18 of the Act. This takes away the right of consultation from those affected, such as IAGC and the wider public. The changes that will be made to the Petroleum Programme are unknown and potentially broad. It is not clear what will be considered by the Government as consequential amendments which leaves the door open for wider changes that are not open to the necessary public scrutiny. There is no reasonable justification for why there should not be an opportunity for public comment. Such a process is undemocratic. It is inconsistent with the Cabinet Manual and is not best practice. It also conflicts with the principles of natural justice, including the principle of fairness and the right to be heard. The process is being undertaken in a vacuum without due consideration for the strong industry and public interest in the Bill and its impact on the oil and gas sector. This process undermines the Government's ability to act as a democratic body.

## 10. **The Bill does not promote good environmental outcomes**

- 10.1 The purported primary driver for the introduction of the Bill is environmental. It is to assist the Government to work towards its goal of a low carbon economy in New Zealand – to reduce fossil fuel consumption and address climate change.
- 10.2 However, there is no evidence to show that the approach taken in the Bill will lead to a reduction in consumption of fossil fuels and achieve this goal. The Government has not provided evidence of how the policy will address climate change or evidence of consideration of other options. For example, alternative interventions such as carbon taxes or an emissions trading scheme. The

Government has also not shown evidence of an analysis of the benefits in comparison to the costs or consideration of the unintended consequences.

- 10.3 Further, the regulatory impact statement foresees that the Bill will ensure “some reduction” in emissions. However, the net impact on global emissions is more likely to be negative than positive, largely defeating the purpose of the Bill. Without a reliable and efficient energy supply source, New Zealand risks creating a net emissions increase because the lower output in New Zealand will be displaced by higher emission output from overseas in order to keep up with the existing demand. Essentially, it does nothing to reduce fossil fuel use but instead changes the location from which New Zealand sources its oil and natural gas.
- 10.4 In addition to the uncertainty and unintended consequences referred to above, the Bill may also result in a range of other unintended emissions increases. This is primarily because insufficient consideration has been given to securing New Zealand’s energy supply. These other unintended emissions increases are set out in detail in PEPANZ submission on the Bill.

## 11. Relief sought

- 11.1 IAGC seeks that the Committee recommends that the Bill is withdrawn. In the event that the Committee does not accept this approach, IAGC seeks that the Bill is amended to:
- (a) Enable applications for petroleum exploration permits and subsequent mining permits within areas that are subject to existing petroleum prospecting permits, or areas subject to historical petroleum prospecting permits. The total area affected is likely to be small. For example, the total area of IAGC’s members’ prospecting permits within which its members have collected valuable prospecting data equates to only approximately 0.02% of the total area of New Zealand’s exclusive economic zone; and
  - (b) Require the next Block Offer and future Block Offers for petroleum exploration permits to include areas that are subject to existing petroleum prospecting permits, or areas subject to historical petroleum prospecting permits.
- 11.2 In the alternative, IAGC seeks that section 32 of the Act continues to apply to prospecting, exploration and mining permits despite anything to the contrary in the Petroleum Programme.
- 11.3 IAGC also seeks that clause 27 of the Bill is removed and replaced with a new clause that requires any consequential changes that need to be made to the Petroleum Programme as a result of the Bill coming into force to be subject to the standard public process set out in Part 1A of the Act.
- 11.4 In the event that the Bill is not withdrawn, IAGC also seeks compensation from the Government for its members, and asks that the Select Committee endorses this as an appropriate response. The compensation sought by IAGC’s members is to recognise the commitment they made to acquire a minimum volume of new data under their prospecting permits and the legitimate



expectation that this investment would be reasonably protected by the Government. There is precedent for this approach - in 2004 when the Government made other changes to its policy intentions, one of IAGC's members negotiated and reached a settlement agreement with the Crown Minerals Group of the Ministry of Economic Development to compensate it for the loss of future revenues.

11.5 IAGC also seeks any consequential or other relief to give effect to, or address, the submissions of IAGC set out in this document.

Dated this 11th day of October 2018

**The International Association of Geophysical  
Contractors** by its solicitors and duly authorised  
agents MinterEllisonRuddWatts



---

**R M Devine / S de Groot**

**Address for service of submitter:**

The International Association of Geophysical  
Contractors  
c/- MinterEllisonRuddWatts  
P O Box 3798  
AUCKLAND 1140  
(Attention: Rachel Devine / Stephanie de Groot)  
Telephone No: (09) 353 9700  
Email: [rachel.devine@minterellison.co.nz](mailto:rachel.devine@minterellison.co.nz) /  
[stephanie.degroot@minterellison.co.nz](mailto:stephanie.degroot@minterellison.co.nz)

## **Appendix 1 – IAGC’s press release**



International Association of Geophysical Contractors  
1225 North Loop West  
Suite 220  
Houston, Texas 77008 USA  
(713) 957-8080

## MEDIA RELEASE

### FOR IMMEDIATE RELEASE

#### ***IAGC: NZ's offshore exploration ban bill reinforces flawed decision-making***

**Houston, Texas, US** – The New Zealand Government's introduction of a bill banning new offshore exploration is a clear demonstration of putting extreme environmental politics ahead of the sentiments of the people and economy of New Zealand. Seismic surveys are the gateway to energy investment, and the efforts of this Government will result in a disastrous outcome with the nation losing an estimated \$7.9 billion NZD.

The International Association of Geophysical Contractors (IAGC) is disappointed that the changes contained within the proposed bill, to give backing to its political announcement some months ago, will not allow our members nor New Zealanders to fully realize the value of the more than \$70 million USD investment that the seismic industry has made in offshore New Zealand since 2013. The IAGC's members invested in New Zealand with an expectation that its laws would be reliable and regulatory regime stable.

Contrary to the Prime Minister's assertion that with these proposed changes, "All existing permits are protected and will be allowed to run their full course – meaning we have many years' worth of gas supply remaining and exploration will continue," this is not the case. The holders of existing petroleum prospecting permits will not be able to realize returns on their investments.

Even as the world moves to expanding the use of renewable energy sources, the fact remains that oil and gas will play a significant role in the world's economy for many decades to come, and according to the [International Energy Agency](#), will still make up about half of the energy resources by 2040.

The Government's action deliberately ignores these matters and the significant impact that the bill will have on New Zealand's economy. Employment rates in New Zealand will decline, oil and gas supplies will be affected and there will be a consequential increase in oil, gas and electricity prices.

We strongly condemn this action by the New Zealand Government and oppose this bill which undermines investment made in the country by companies already anticipating future exploration activities. It disrupts business certainty across sectors and is already affecting [investor confidence](#) in New Zealand.

Finally, the Government continues to move forward making decisions in a vacuum and without any consultation or notification to the industry. The [IAGC](#) urges the New Zealand Government to reconsider this short-sighted decision with engagement from the affected industries.

###

## **About the IAGC**

The IAGC represents more than 110 member companies worldwide from all segments of the geophysical and exploration industry and is the only trade organization solely dedicated to representing the industry. It is the leader in geophysical technical and operations expertise. For more than 45 years, the IAGC has worked to optimize the business and regulatory climate, and enhances public understanding to support a strong, viable geophysical industry essential to discovering and delivering the world's energy resources.

Media Contact:

Gail Adams, VP of Communications & External Affairs

[gail.adams@iaqc.org](mailto:gail.adams@iaqc.org)

O: 713-957-8080

M: 281-702-4201

## **Appendix 2 – Correspondence with the Government**

June 4, 2018

Hon Jacinda Ardern  
Prime Minister  
Office of the Chief Executive  
Level 8 Executive Wing  
Parliament Buildings  
Wellington  
NEW ZEALAND

Dear Prime Minister Ardern,

On behalf of the International Association of Geophysical Contractors (IAGC), we write to provide our serious concerns following the New Zealand Government's announcement that it will end oil and gas exploration. The IAGC represents more than 100 member companies worldwide, from all segments of the geophysical and exploration industry, an industry essential to discovering and delivering the world's energy resources.

We are perplexed and disturbed by the New Zealand Government's decision to end offshore oil and gas exploration, a decision that demonstrates a lack of consideration for the nation's energy future and the exploration industry's long history of safely and successfully coexisting with the marine environment and other offshore interests.

Access to safe, affordable oil and gas energy ensures citizens' well-being, provides stable employment and lifts those in poverty. We are unaware of any Government plan to replace the affordable and reliable energy it provides which must be a serious concern for New Zealand households and businesses.

We also express our deep concern at the way in which this abrupt announcement was made without warning or consultation. Diligence by the government prior to this short-sighted decision could have allowed for a more informed conclusion without the negative impacts on the exploration industry, the economy, and New Zealand citizens. Unfortunately, this decision also appears to have been made in a vacuum and without prior consultation with, or notification to the hydrocarbon exploration industry.

The geophysical and exploration industry (and other businesses) rely on consistent and transparent policy decisions by governments. An arbitrary end to exploration disrupts business certainty, as major investments in New Zealand have already been made by companies with a reasonable expectation of future activities.

International Association  
of Geophysical Contractors

*office* +1 713 957 8080  
*US toll free* +1 866 558 1756  
*fax* +1 713 857 0008

[www.iagc.org](http://www.iagc.org)

1225 North Loop West, Suite 220  
Houston, TX 77008 USA

While the New Zealand Government's announcement purported to "protect existing permit holder rights" and asserted that "people who have made investment decisions in New Zealand have nothing to worry about," the decision appears to have overlooked the geophysical industry's vast investment in the region and existing non-exclusive petroleum prospecting permits. Our members are very concerned about the possibility of having to write off the investment made in large amounts of multi-client seismic data they have acquired with a 15-year right to market and license under New Zealand law in expectation of future leasing, which may now never be realized. Losses for the geophysical industry in New Zealand could amount in the millions, in the short-term, and extensive lost tax revenues for the government in the long run.

This is particularly concerning given that this policy was not mentioned in any pre-election policies, nor in any Government Coalition Agreement documents.

The IAGC urges the New Zealand government to reconsider this decision and to engage with industry and the wider public to fully assess the potential adverse effects of it on the country's economy and on its people. The IAGC will be consulting at all levels of government to obtain a solution mitigating the negative impacts of this decision on our members and the geophysical and exploration industry.

Sincerely,



Nikki Martin  
President  
International Association of Geophysical Contractors

cc: Minister Dr. Megan Woods, Josh Adams, David Darby, Jono Weir

# MinterEllisonRuddWatts

16 August 2018

**BY EMAIL:** cabinetoffice@dpmc.govt.nz

Cabinet Office  
Level 10  
Executive Wing  
Parliament Buildings  
**WELLINGTON 6011**

Dear Jacinda Ardern

## **The Government's decision to end the allocation of any further offshore petroleum exploration permits in New Zealand**

1. We act for the International Association of Geophysical Contractors (**IAGC**). IAGC is a global trade association representing more than 100 member companies from around the world within the geophysical and exploration industry. Its members include multi-client companies that obtain and process data through geophysical and seismic surveys, survey operators, software manufacturers and related industries. IAGC represents the majority of the world's data acquisition capacity and the owners of non-exclusive data in libraries today.
2. Over many years IAGC members have made significant investment in obtaining and understanding data relating to the nature of New Zealand's seabed. They have done so by acquiring data under non-exclusive prospecting permits. These permits provide the right, over a 15 year period, to licence and market the data to the petroleum industry.
3. IAGC's President, Nikki Martin, sent your office a letter dated 4 June 2018 expressing IAGC's concerns about the Government's decision to end the allocation of any further offshore petroleum exploration permits in New Zealand (a copy of this letter is **enclosed**). These concerns include the loss of return on investment and loss of investor confidence in New Zealand's legal regime. They have not received a response to that letter to date.
4. To follow up, IAGC seeks a meeting with you to discuss its concerns. Following this meeting, IAGC is hoping that the Government will understand the scope of the policy decision announced relative to IAGC's members' interests. IAGC is also seeking an opportunity for further discussion about what this may look like in the future and the process for any change.
5. We will be in touch with your office to arrange a meeting.

Yours faithfully

**MinterEllisonRuddWatts**



Rachel Devine  
Partner

Contact: Rachel Devine  
T: +64 9 353 9912 E: rachel.devine@minterellison.co.nz

enclosure





Copy to: Megan Woods [m.woods@ministers.govt.nz](mailto:m.woods@ministers.govt.nz)

Jacinda Ardern [j.ardern@ministers.govt.nz](mailto:j.ardern@ministers.govt.nz)

# Hon Dr Megan Woods

---



## MP for Wigram

Minister of Energy and Resources

Minister Responsible for the Earthquake Commission

Minister for Greater Christchurch Regeneration

Minister of Research, Science and Innovation

12 SEP 2018

Rachel Devine  
MinterEllisonRuddWatts  
By email: [rachel.devine@minterellison.co.nz](mailto:rachel.devine@minterellison.co.nz)

Dear Ms Devine

Thank you for your letter to Rt Hon Jacinda Ardern dated 16 August 2018 regarding our Government's decision to not grant any further offshore petroleum exploration permits. As the matter raised falls within my responsibilities as Minister of Energy and Resources, I am responding on behalf of the Prime Minister.

I acknowledge the concerns set out in your letter, as well as those in Nikki Martin's letter dated 4 June 2018. We are committed to ensuring that the commercial sector, including industry, consumers, and the workforce, has as much certainty as possible going forward.

I invite you and representatives of the International Association of Geophysical Contractors to contact my office, on 04 817 8881, to arrange a time to meet and discuss your concerns.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Woods'.

Hon Dr Megan Woods  
**Minister of Energy and Resources**

# MinterEllisonRuddWatts

8 October 2018

**BY EMAIL:** m.woods@ministers.govt.nz

**Attention: Hon Megan Woods**

**Meeting request in regards to the Government's decision to end the allocation of any further offshore petroleum exploration permits in New Zealand**

1. As you are aware, we act for the International Association of Geophysical Contractors (**IAGC**).
2. Thank you for your letter dated 12 September 2018 responding to IAGC's letters dated 4 June 2018 and 16 August 2018 indicating concern about the Government decision to end the allocation of any further offshore petroleum exploration permits. IAGC appreciates your offer to meet to discuss their concerns. However, we have not been successful in arranging such a meeting. Instead we have been advised, contrary to your letter, that you do not wish to meet until after the Crown Mineral (Petroleum) Amendment Bill passes through the Select Committee process.
3. IAGC engages governments worldwide on issues central to geophysical operations and exploration access. It seeks to do the same in New Zealand. IAGC would be grateful if we could arrange a meeting when you are available. Please advise if you are still willing to meet and when that may be. Thank you.

Yours faithfully

**MinterEllisonRuddWatts**



Rachel Devine  
Partner

Contact: Rachel Devine, Partner  
T: +64 9 353 9912 E: rachel.devine@minterellison.co.nz

enclosure

copy to: Amy Just [amy.just@parliament.govt.nz](mailto:amy.just@parliament.govt.nz)



# MinterEllisonRuddWatts

16 August 2018

**BY EMAIL:** [w.peters@ministers.govt.nz](mailto:w.peters@ministers.govt.nz)

Parliament Office  
Private Bag 18888  
Parliament Buildings  
**WELLINGTON 6160**

Dear Winston Peters

## **The Government's decision to end the allocation of any further offshore petroleum exploration permits in New Zealand**

1. We act for the International Association of Geophysical Contractors (**IAGC**).
2. IAGC is a global trade association representing more than 100 member companies from around the world within the geophysical and exploration industry. Its members include multi-client companies that obtain and process data through geophysical and seismic surveys, survey operators, software manufacturers and related industries. IAGC represents the majority of the world's data acquisition capacity and the owners of non-exclusive data in libraries today.
3. Over many years IAGC members have made significant investment in obtaining and understanding data relating to the nature of New Zealand's seabed. They have done so by acquiring data under non-exclusive prospecting permits. These permits provide the right, over a 15 year period, to licence and market the data to the petroleum industry.
4. IAGC supports and fosters science and risk-based regulations consistent with existing practices that are proven to be environmentally responsible, effective and operationally feasible. IAGC seeks a meeting with you to discuss IAGC's concerns about the Government's decision to end the allocation of any further offshore petroleum exploration permits in New Zealand. These concerns include the loss of return on investment and loss of investor confidence in New Zealand's legal regime.
5. IAGC is hoping that following this meeting we can receive your support to reverse Labour's policy decision or otherwise have the opportunity for further discussion about what this decision may look like in the future.
6. We will be in touch with your office to arrange a meeting.

Yours faithfully

**MinterEllisonRuddWatts**



Rachel Devine  
Partner

Contact: Rachel Devine  
T: +64 9 353 9912 E: [rachel.devine@minterellison.co.nz](mailto:rachel.devine@minterellison.co.nz)

Copy to: Shane Jones [s.jones@ministers.govt.nz](mailto:s.jones@ministers.govt.nz)



**Subject:** RE: Government's decision to end the allocation of any further offshore petroleum exploration permits [MERW-MERWLIB.FID1461652]

**From:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>

**Sent:** Monday, 8 October 2018 2:46 PM

**To:** Wendy Anderson <[Wendy.Anderson@minterellison.co.nz](mailto:Wendy.Anderson@minterellison.co.nz)>

**Subject:** FW: Government's decision to end the allocation of any further offshore petroleum exploration permits [MERW-MERWLIB.FID1461652]

Dear Rachel,

Apologies for the delay in coming back to you.

On behalf of the Deputy Prime Minister, Rt. Hon. Winston Peters, thank you for your request to meet with the Minister.

Unfortunately due to pressures on the Ministers diary at this time, caused by a large volume of international travel in this latter part of the year, the Minister is regrettably unable to accommodate a meeting.

Please accept the Ministers apologies that he is unavailable to meet on this occasion.

Kind regards,

Office of Rt Hon Winston Peters

**Office of Rt Hon Winston Peters**

Deputy Prime Minister | Minister of Foreign Affairs | Minister for Disarmament and Arms Control  
Minister for State Owned Enterprises | Minister for Racing  
L7.4 Executive Wing | Parliament Buildings | Wellington | New Zealand

**From:** Rachel Steel [<mailto:Rachel.Steel@minterellison.co.nz>] **On Behalf Of** Rachel Devine

**Sent:** Thursday, 16 August 2018 4:35 PM

**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>

**Cc:** S Jones (MIN) <[s.jones@ministers.govt.nz](mailto:s.jones@ministers.govt.nz)>;

**Subject:** Government's decision to end the allocation of any further offshore petroleum exploration permits [MERW-MERWLIB.FID1461652]

Good afternoon

Please see letter **attached**.

Thank you and kind regards



**Rachel Devine**

Partner

T +64 9 353 9912 M +64 21 521 299

[Rachel.Devine@minterellison.co.nz](mailto:Rachel.Devine@minterellison.co.nz)

**MinterEllisonRuddWatts** Lumley Centre 88 Shortland Street Auckland 1010

