

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.

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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