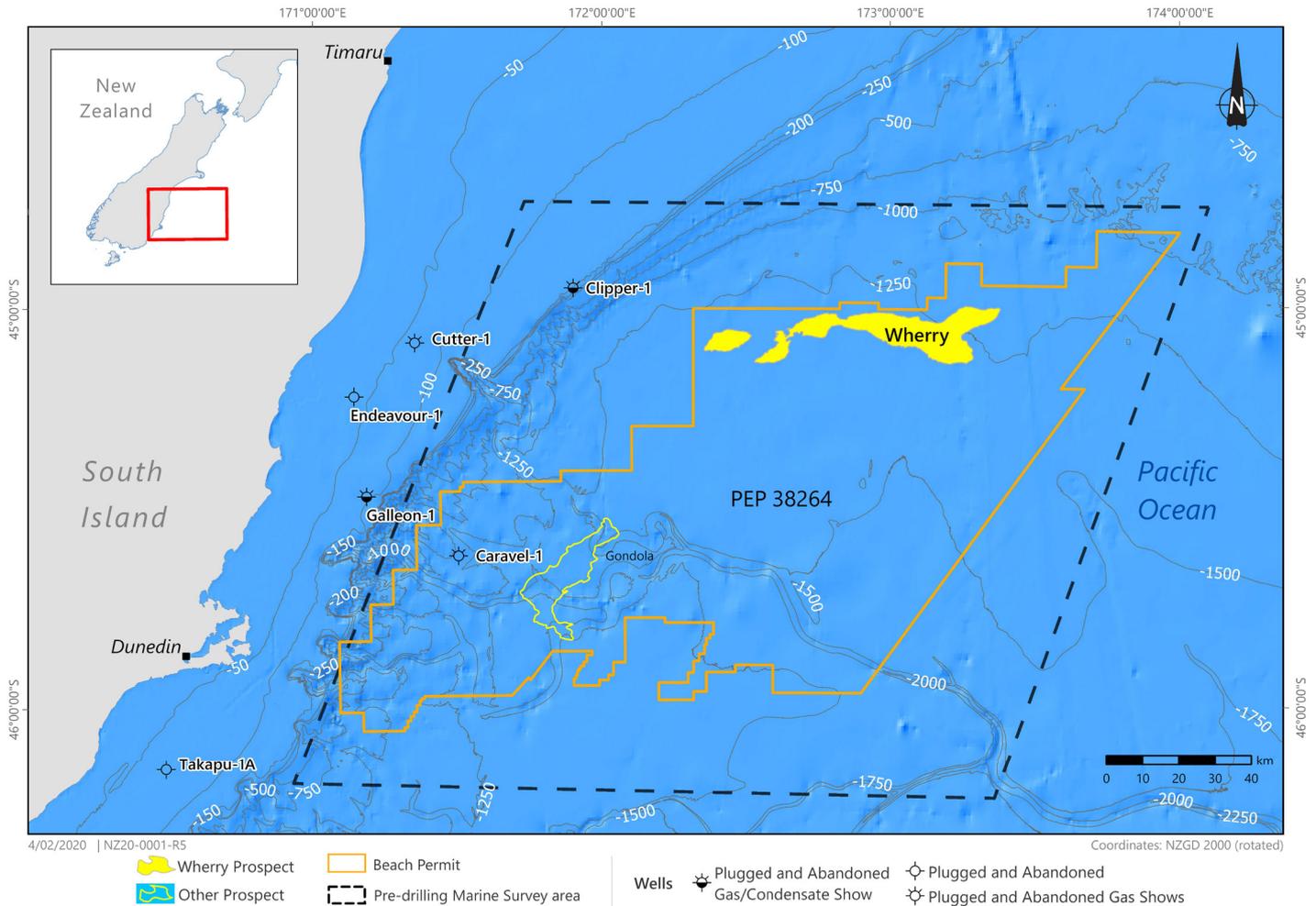


Wherry Project

Offshore Exploration Well



Project Summary | February 2020

PROJECT

Beach Energy is planning to drill an exploration well to enable a detailed assessment of the sub-sea prospect called 'Wherry', within the existing New Zealand Petroleum Exploration Permit PEP38264.

LOCATION

The proposed well is located approximately 168km from Timaru, at water depths of around 1,300m within the offshore Canterbury geological basin.

TIMING

A pre-drill Marine Survey to enable assessments and planning for the drilling project will be carried out between January and March 2020, and take around 30 days. The project is in its early planning and consultation phase, with drilling currently expected to commence late 2020 to early 2021 and take around 4 to 8 weeks. Timings will be subject to rig availability, weather conditions and approvals.

HOW

Operating in strict accordance with consent conditions, one vertical exploration well will be drilled to approximately 3,000m below the seabed. After completions, the well will be formally plugged and abandoned, and the data collected from the drilling activity will be assessed.

About Beach

Beach Energy operates the Kupe Production Station in Taranaki, a critical part of the New Zealand's energy infrastructure. Natural gas produced from the Kupe field meets 10-15% of New Zealand's annual natural gas demand and 50% of its LPG demand.

Founded in 1961, Beach is headquartered in Adelaide Australia. With a proud track record for safety and environmental performance, Beach operates onshore and offshore hydrocarbon facilities across New Zealand and Australia.

The Wherry Project is a joint venture between Beach Energy (37.5%), OGOG (1) Ltd (37.5%) and Discover Exploration (25%).

Questions and Answers

Why is Beach drilling in this location?

The New Zealand Government granted the Wherry Petroleum Exploration permit PEP38264 on 8 November 2006, for a 15-year term. Stage 3 permit commitments require the drilling of one exploration well before 7 October 2021. The permit was acquired by Beach in 2018, along with the acquisition of New Zealand assets from Origin Energy.

What approvals are required?

The pre-drill Marine Survey is a permitted activity under the *Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012*. The drilling requires numerous environmental and health and safety approvals which are granted, regulated and audited by EPA, Maritime NZ and WorkSafe NZ. Although this stage of the Wherry Project involves drilling only one exploration well, approvals will be sought for further exploration and appraisal wells that may be drilled in the future, should the Wherry exploration well prove viable.

Isn't offshore exploration drilling banned in NZ?

The announcement in 2018 by the NZ government that no new offshore oil and gas exploration permits would be granted, specifically excluded existing permits which continue under their stated requirements and conditions.

What's involved in the Marine Surveys?

Marine Surveys include mapping the surface and shallow sub-surface of the seafloor, determining suitable locations for the well, sampling and assessing benthic (seabed) habitats and oceanographic data, and confirming whether any sensitive environments are present. The results will be included in the consent application for the drilling project.

What's involved in drilling?

A semi-submersible drill rig will most likely be used, depending on final well engineering design. A surface hole will be drilled and cased, followed by installation of highly specialised equipment called a 'marine riser' and 'blow out preventer' to ensure integrity of the well, safety of personnel and environment protection. The well will be drilled in sections gradually decreasing in diameter, with each section cased and cemented in place. Water based fluids or 'muds' will be used to lubricate and stabilise the wellbores in each section, and to remove material or 'cuttings' produced during drilling.

Are any seismic surveys required?

Beach will not be conducting a 3D marine seismic survey for this project. However, a process called Vertical Seismic Profiling (VSP) may be used to evaluate the exploration well. A small seismic energy source would be generated near the well and returned signals will be recorded by receivers placed in the well. Sound energy levels from VSP are significantly lower than conventional 3D marine seismic surveys.

What consultation will occur on the project?

Beach is a trusted and respected operator among its existing communities. We've earned this reputation by operating safely, protecting our environment, as well as respecting and consulting with our communities.

Our engagement is proactive and transparent, we share information, acknowledge issues and actively listen to our communities. We value our relationships with local iwi and other community groups. Beach will consult broadly with relevant South Island communities, providing further detailed information and the opportunity to have meaningful input into our plans.

What about community benefits?

The Wherry Project is at the very early stages of assessment, so it is too early to set out the community benefits if the project was to proceed through to development. However, if successful, a comprehensive assessment of benefits and impacts would be undertaken before any further development. Our focus will include assessing opportunities for local community participation and identifying regional economic benefits.

How will you ensure that you drill safely?

Safety takes precedence in everything we do. Our values define us, guide our actions, and our decisions. Beach has over 50 years' experience in drilling complex, high integrity wells and has a team of highly skilled industry professionals with extensive industry experience to deliver this project. We will also engage competent and experienced contractors, who will keep our operations safe.

Isn't natural gas contributing to climate change?

Natural gas is an important partner for renewable energy to ensure stability of affordable fuel supply to homes and industry whilst our economy transitions to a greater percentage from renewables. For more information on the role of natural gas in New Zealand's energy mix see: energymix.co.nz

Gas also plays an important role overseas in reducing emissions and improving air quality by helping countries transition away from coal. Electricity from gas-fired powered stations has around half the emissions from coal-fired power stations.

Beach's Climate Change policy commitment ensures that our practices and procedures align and integrate climate risks into project decision making.

We welcome your questions and feedback

 community@beachenergy.com.au

 06 769 9649

beachenergy.com.au



beach