

Kaikoura Community Forum with Anadarko

Question Sheet 2

Statements

1. Last May the Kaikoura community turned in over 2300 signatures that were tabled in Parliament, requesting the Pegasus Basin blocks be removed from offer. This community of 3700 residents is in overwhelming opposition to Deep Sea Drilling and remain unconvinced that it can be done without undue risk to our economic and healthful wellbeing.
2. The use of terms like “Good Practice” and “Best Practice” are not helpful in these discussions as the Ministry’s own publications note they are not definable and only concepts.
3. Fracking is an important issue but we are not talking about Fracking off shore; we are concerned about all off shore drilling...full stop. Time spent assuring us that fracking is not happening off shore only takes up time. Explaining how they are not Fracking offshore is a distraction.

Questions with * are most important

1. * What is Anadarko’s intended timeframe for all aspects of exploration?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

2. * Phil Heatley and the Ministry of Energy assured this community that the EEZ Regulations to be developed by the Ministry of the Environment would include Marine Consents and Public Notification on ALL offshore drills including exploratory. There are indications that efforts are afoot to remove that from the bill.
 - a. How do Government match up the implications made to the exploration companies that they have permission to drill with the opposing fact that proposals for the EEZ Regulations being developed by the Ministry of the Environment clearly proposed that Marine Consents with Public Notification would be required for any drilling to be allowed? A board would have to approve each drill based on the information for that particular activity and could deny it.
 - b. Do Anadarko think it already has permission to drill an exploratory well in each of these blocks or do they understand that they will need further permission to drill?
 - c. Is it correct that the Government is trying to make Deep Sea oil drilling a non-publically notified activity either through modification of the proposals in the EEZ Regulations Bill or through changes in the RMA process or any other means?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

When considering how best to regulate oil and gas drilling Government seeks to balance possible environmental effects against the potential economic benefits to New Zealand and the communities within which the activity will take place.

Government has not yet made decisions regarding the way in which exploration drilling for oil and gas will be regulated under the EEZ Act. These decisions will be made following public consultation on the options and implications, which we expect to occur in the coming months.

It is currently proposed oil and gas exploration be classified as “non-notified discretionary”. It is important to note that the process for any company seeking to develop an off-shore oil resource and establish a permanent installation does include public consultation.

This proposal is aimed at striking a balance between ensuring environmental and health and safety protections are in place while minimising the impact on the exploration companies involved. A non-notified discretionary classification will mean that marine consent will be required from the Environmental Protection Authority (EPA). The EPA will consider the effects of the activity on the environment and existing interests, and measures to avoid, remedy, or mitigate any adverse effects. The EPA may grant a consent subject to any appropriate conditions, or decline an application.

Prior to an exploration permit being granted, a company will have to prove their financial and technical capabilities and demonstrate that they are likely to have the capacity and systems in place to meet the necessary health and safety and environmental requirements.

Oil and gas exploration begins with non-invasive seismic surveying and seabed sampling and an analysis of that data.

If the results are promising results and the operator seeks to go to the next stage of exploration – drilling - they first require a consent from the Environmental Protection Authority, who will take into account any effects on the environment and mitigation measures. To minimise the likelihood of any accidents the operator must also have a safety case for the drilling installation accepted by MBIE's High Hazard Unit. In addition they must have a discharge management plan approved by Maritime NZ to ensure, in the worst-case-scenario, that there is capability to control the well and contain and respond to any spills.

It is important to note that on average drilling activity last for about 6 weeks and does not necessarily mean oil or gas will be struck. Often this activity is about gathering more data.

So, given that exploration activity is on a fairly small scale and may not lead to any further oil and gas activity, and that adequate environmental and safety protections will be in place, the government believes classifying the exploration phase as "non-notified discretionary" strikes the right balance as it allows for case-by-case consideration of each application.

Again, this is a proposal and will be going out for public consultation in the coming months.

3. *Considering the NZ Government's assurance that any company to be considered for exploration of these blocks would have a good track record, what are Anadarko's 10 most serious incidents in which they had any liability?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

4. * In light of the \$37 Billion dollar price tag on the Gulf Spill, what kind of bond is Anadarko willing to post in case of a spill in New Zealand? Will Anadarko accept full liability in the case of environmental damage caused by its activities including:

- a. Full environmental clean-up beyond what appears on the surface.
- b. Economic loss to affected communities.
- c. Health impacts.

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

5. *Jack-up rigs to drill relief wells in case of a blowout are thousands of kilometres and months away from New Zealand.

- a. Is it Anadarko's intention to have jack up rigs in New Zealand waters? If not, please explain the time frame in which Anadarko believes such rigs could be in place in the event of a blowout.
- b. Would Anadarko object to a requirement that would have at least 2 jack up rigs in close proximity to a drilling activity?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

6. *What would Anadarko do to assist in mitigating the current under capacity of Maritime NZ clean up and response capabilities? Do Anadarko believe they are prepared for a serious spill?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

7. What liability does Anadarko accept for the Gulf spill in light of the findings of the US Federal Judge in February 2012?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

8. Considering that dispersants like Corexit may be more toxic than the spilled oil itself and only serve to hide the oil from the surface, spreading it throughout the food chain, what are Anadarko's views on its application in the case of a spill?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

9. Will Anadarko and the Ministry be willing to come back to discuss these issues with a larger group from our community, in greater depth than can be done in a couple hours and at a time when most people are not at work?

Anadarko provided an answer to this question on the day of the meeting and are committed to continuing to work with the Kaikoura community in the future to address any outstanding issues.

We believe in open communication and if anybody does have any follow up questions, please contact Anadarko or NZP&M direct.