



**The New Zealand  
REFINING COMPANY LTD**

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28 February 2003

Mr Guy Launder  
Chief Adviser  
Commerce Commission  
PO Box 2351  
Wellington

Guy,

**Application for authorisation – Preussag/Shell/Todd**

The Commerce Commission has received an application from Preussag Energie Gmbh, Todd (Petroleum Mining Company) Limited, Shell Exploration New Zealand Limited and Shell (Petroleum Mining) Company Limited (the JV parties) to enter into arrangements to jointly market and sell gas produced from the Pohokura field. NZRC, as consumer of natural gas and electricity, have an interest in this application.

NZRC understand that:

- The Maui field is being depleted faster than previously envisaged and other fields under development will not be sufficient to prevent a decline in overall gas availability.
- The Pohokura field will be a significant provider of additional gas but will only commence production late in 2004.
- Other significant fields will not be in production until late in the decade.

Natural gas is a key resource for many industries and other entities in New Zealand, including for electricity generation. Supply shortages and significant price rises and/or fluctuations have an adverse effect on the economic viability and/or certainty for many industries within New Zealand, including NZRC.

While NZRC do not support joint marketing of commodities such as natural gas, we understand that the Pohokura field was jointly developed by the JV parties and that independent marketing will cause delays with commissioning of the field. In our view such delays will increase the shortage of gas in the near term. This will have a harmful effect on the New Zealand economy in general and on natural gas users and major electricity users specifically. Our view is that the negative effects of further gas shortages will outweigh the negative effect of joint marketing of the gas from this field.

On that basis NZRC do not object to the request by the JV parties to jointly market and sell Pohokura gas, provided that such approval will lead to timely commencement of production from the field.

Yours sincerely

David Gray  
Commercial Manager

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