

6 June 2003

Ms Rachel Owens  
Investigator  
Commerce Commission  
P O Box 2351  
WELLINGTON

Dear Ms Owens

**Draft Determination 16 May 2003: OMV New Zealand Limited; Shell Exploration New Zealand Limited; Shell (Petroleum Mining) Company Limited; Todd (Petroleum Mining Company) Limited.**

We refer to your letter dated 19 May 2003 and to the draft determination referred to above.

The Commission has invited us to make comments on the draft determination by 9 June 2003.

We respond as follows:

- a) Genesis notes the conditions around the requirement for the Pohokura field to be developed in accordance with a timetable that has first gas produced by February 2006 and full production capability by 30 June 2006. Achievement of these dates will be subject to meeting Resource Management Act requirements, field development trials and availability of treatment facilities. Development of the field must also include access to the Maui pipeline, which has been the subject of industry discussion with very little progress to date.

Genesis has concerns over ring fencing Pohokura from the other marketing activities of the joint venture participants. All gas fields have a slow start and buyers will want certainty of supply which requires supplementing Pohokura gas with gas from existing fields.

- b) Genesis seeks clarity around the condition which limits the time period of the authorisation to five years. It is unclear if this condition imposes a maximum of five years on the duration of any gas supply contract or requires all gas supply contracts to be awarded within a period of five years from the date of the authorisation. Genesis is of the view the joint venture should be free to negotiate the term of any such contracts. Pohokura field reserve is significantly less than originally envisaged, creating uncertainty as to the life of the field.

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Some companies intending to invest in a new generation plant may seek long term contracts however, long term contracts may impose too much risk on the joint venture.

This letter does not contain any confidential information.

Yours faithfully

**Karen Paterson**  
**General Manager Legal & Company Secretary**