



## **GREYMOUTH PETROLEUM**

### **Straits of Magellan permits have gas and oil potential to match New Zealand's Turangi-Pohokura petroleum area**

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New Zealand owned and operated Greymouth Petroleum confirmed today that it has bid for rights to explore, exploit and produce petroleum in five permits covering an area of 14,900 sq km in, and adjacent to, the Straits of Magellan in Chile. Bids will be opened by the Chilean Ministry of Mining at the end of October and permit concessions, in the form of Special Operating Contracts, will be announced on November 15<sup>th</sup>, 2007. If successful, in one permit concession area. Greymouth will operate an investment programme for, and in joint venture with, the Chilean Government owned oil and gas company, ENAP (Empresa Nacional del Petroleo).

Greymouth COO John Sturgess said "Greymouth has identified gas and oil potential in the Straits of Magellan equivalent to the Turangi-Pohokura gas-condensate area in New Zealand". Chile's Magallanes Basin has similarities with New Zealand's Taranaki Basin. The Magallanes Basin is the home of all of Chile's oil and gas production, it houses a methanol manufacturing facility, and it an area where gas is in short supply. The Magallanes Basin, which is part of the same geological formation as Argentina's Austral Basin, has produced over 500 million barrels of oil and more than 10 Trillion Cubic Feet of natural gas. In June, 2007 the Chilean Government invited bids for 10 permit areas in the Magallanes Basin covering an area of 32,000 sq km.

Chile imports approximately three quarters of its energy consumption (in 2005, 98% of crude oil, 96% of coal and 75% of natural gas). The Chilean Government has determined that the development of domestic sources of hydrocarbon supply is a strategic priority. The Chilean Government is devoting efforts to the promotion of investment through the energy supply chain, including hydrocarbon exploration and production and in electricity generation.

Greymouth has been encouraged to invest in Chile by the New Zealand Government policy Statement of 30 August, 2007 promoting the merits of, and a New Zealand Government focus on assisting, outwards foreign investment by New Zealand based and New Zealand owned firms in markets including Chile and China. Greymouth is pleased to play its part in assisting the Labour led Government's strategy in this regard.

The Chilean investment gives Greymouth Petroleum needed portfolio diversity at a time when the New Zealand Government has announced measures to stop New Zealand Government-owned electricity generating companies from building new gas fuelled power stations in a ban which may be extended to all private sector power generating companies.

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