



SWIFT ENERGY NEW ZEALAND LTD.

28 September 2006

Ms Kelly Rastovich
Gas Industry Company Limited
Level 9, State Insurance Tower
P O Box 10 646
Wellington

Dear Kelly

Submission on GIC discussion paper "Access to Gas Processing Facilities"

Please find attached Swift Energy's submission to the Gas Industry Company's consultation document regarding the above.

Yours sincerely

Chris Bush
Vice-President Facilities

Submission on GIC discussion paper "Access to Gas Processing Facilities"

From: Swift Energy New Zealand Limited (Chris Bush, VP Facilities)

QUESTION	COMMENT
Q1: Do you agree that the overall objective of any protocols should be to facilitate access to gas processing facilities where that is both economically efficient and contributes to better achievement of Government's overall policy objective, taking account of the specific outcomes it expects of the sector? If not, what should the objective be?	The overall objective should be to meet the Governments stated policy objectives as detailed in paragraph 4 of the GPS. As such, GIC needs to carefully consider how the introduction of any protocols would impact the cost and supply of gas (both negatively and positively) and affect the willingness of companies to make future investments in infrastructure required to develop gas production from new areas. A higher level view of the impact of any proposed protocols should be taken and consideration given to: - Is there a demonstrated problem? - Are processing arrangements being negotiated between commercially minded companies? - Is building your own facility a viable alternative if processing arrangements cannot be negotiated? - If restrictive practices were being used, what existing options could be used? eg. Commerce Act. Are these options sufficient? - How will the imposition of any protocols impact owners of processing facilities engaged in E&P activities and will they negatively impact NZ's attractiveness as a country to invest exploration capital? If protocols are introduced which either add costs and result in no benefits, create a disincentive for future investments in infrastructure or reduce the exploration for gas in NZ, then these will negatively impact the Government's stated policy objectives. Swift does not believe there is a problem in accessing processing facilities where there is capacity available and where the parties are willing to negotiate reasonable commercial terms (including price and terms of access). There are a number of examples in the Taranaki Basin that readily demonstrated that this has and is occurring. Swift supports the introduction of a voluntary information disclosure regime as a mechanism to improve explorer/producer access to information and to facilitate the early stages of normal commercial negotiations.

QUESTION	COMMENT
Q2: Do you agree with the proposed definition of gas processing facilities for the purpose of considering access protocols?	Yes. The definition of "gas processing facilities" needs to include: a) gas gathering lines directly linked to processing facilities b) feed gas compression c) gas plants and their associated infrastructure at the site d) dedicated pipelines in as much as they are required to transport specification gas from the gas plant into an open access pipeline system A number of parties have indicated concern over access to liquid storage facilities. If it can be demonstrated that lack of access to existing storage infrastructure is impacting the delivery of gas to customers, then it seems incumbent on the GIC to either note this matter in reporting back to the Minister and/or request the scope be broadened to include liquid storage facilities.
Q3: Do you agree that the framework outlined in section 5 is suitable for identifying whether there are substantial inefficiencies arising from current arrangements for access to gas processing facilities? If not, what alternative framework would provide a superior assessment?	The proposed framework is suitable.
Q4: Do you agree with the technical/economic assessment presented in section 6?	We agree with the conclusions.
Q5: Do you agree with the conclusion that there do not appear to be substantial inefficiency problems with access to gas processing facilities?	Yes.
Q6: Do you agree that alternatives to the status quo that may meet the objective are limited to low cost, light-handed measures?	Yes.

QUESTION	COMMENT
Q7: Do you agree with the assessment and that information disclosure is the preferred means of meeting the objective? If not, why not?	Yes, see response to Q1 above.
Q8: Do you concur with Gas Industry Co's assessment that the industry be invited to adopt a voluntary information disclosure regime? If not, please give your reasons.	Yes, see response to Q1 above.