



Todd Energy

Todd Petroleum Mining
Co Limited

Level 2, Energy House
32-38 Molesworth Street
PO Box 802
New Plymouth 4340
New Zealand

Telephone:
64 6 759 5350
Facsimile:
64 6 757 8006
Email:
energy@tpm.co.nz
www.toddenergy.co.nz

29 August 2008

Ian Wilson
Senior Advisor
Gas Industry Company
PO Box 10 646
Wellington

Dear Ian

Todd Petroleum Mining Company ("TPM") Submission regarding MPOC Change Request submitted by MDL on 20 June 2008

TPM supports the submissions of Nova Gas Limited dated 16 July 2008 and 23 July 2008.

TPM believes that MDL has no authority to submit the Change Request for the following reasons:

1. TPM is an owner of the Maui Pipeline, MDL is the agent of the owners of the Maui Pipeline. MDL has received no instruction from the owners of the Maui Pipeline to submit the Change Request and is therefore acting outside its authority as agent.
2. MDL has noted in its application for a Change Request that the proposed amendments to MPOC have been agreed by the MMCs. This is incorrect, the matter has not been raised under the MMCs decision making procedure. TPM has not agreed with the proposed amendments to MPOC.
3. In addition to being owners of the Maui Pipeline, the MMCs use the Maui Pipeline to ship gas on the terms of the Maui Gas Contract. This prior right of the MMCs to ship gas under the Maui Gas Contract was recognised by Section 3 of MPOC. It is not legitimate to remove Section 3 without specifying how Legacy Gas is to be treated *on terms consistent with the Maui Gas Contract*. If Legacy Gas is to be treated on terms inconsistent with the Maui Gas Contract as proposed by MDL, a proper variation of the Maui Gas Contract is required. TPM has not agreed to vary the Maui Gas Contract and as a party to the contract our agreement is required.

As you are aware there has recently been a settlement agreement of disputed Legacy Gas allocations between MDL, Vector and Contact Energy. You may be unaware that TPM did not agree to that settlement, despite the settlement document stating that each of the MMCs in respect of their respective interests in the Maui Joint Venture had agreed. We point out that the attempts in the



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settlement to circumvent the provisions of the Maui Gas Contract have no legal effect without a variation to the terms of the Maui Gas Contract. As already mentioned, there has been no such variation.

TPM supports the objectives of MDLs Change Request to remove references to Legacy Gas. Indeed we recognise that the Maui Legacy Gas provisions are of limited future relevance with the entitlement to Legacy Gas to expire next year. However we do not support the Change Request as currently drafted as it fails to address how pipeline balancing will occur in the absence of Section 3. We consider that provisions relating to balancing gas procurement and recovery of costs from causers should be added.

Accordingly, we support the submissions of Nova Gas dated 16 July 2008 and 23 July 2008 and endorse the proposed changes to MPOC incorporating balancing provisions drafted by Nova Gas.

Yours sincerely
Todd Petroleum Mining Co Ltd

A handwritten signature in cursive script, appearing to read 'C. Ongley'.

Catherine Ongley
Corporate Solicitor