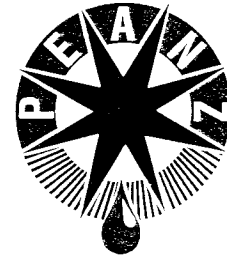


PETROLEUM EXPLORATION ASSOCIATION OF NEW ZEALAND INC.

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29 June 2004



Paul Melville
Network Performance Group
Commerce Commission
44-52 The Terrace
WELLINGTON

Dear Paul

Commerce Commission's Draft Report on Gas Pipelines Control

Thank you for your email of May 21, and the opportunity to make a submission on the above.

PEANZ was of course a submitter to the Commission's conference last year, in particular noting issues with field-specific and end use-specific pipelines which the industry believed should not be included within any control regime.

PEANZ would like to make the following comments – question numbers noted are those used within the draft report. The basis for these comments is that the industry's gas gathering lines are, by definition, not part of the Inquiry (refer para 16.3) but that even if they were to be included, there is more than sufficient real and potential future competition amongst those pipelines, and the owner/operators of the six gas processing facilities in the region such that, in the Association's view, the Commission could not, in any rational analysis, come to the conclusion that controls were warranted. Similarly, the transmission pipelines transporting non-specification gas in Taranaki, which fall within the technical definition of the Inquiry, face such a high level of real and potential future competition that the Commission could not find that competition is limited or that control is warranted.

Taranaki Pipelines

With regard to section 16 of the draft report:

1. Q16.1 – PEANZ would support exclusion of the LTS gas pipeline from the Inquiry;
2. Q16.2 – PEANZ makes no submission on this question;
3. Q16.3 – PEANZ supports the Commission's draft findings that the Kapuni to Hawera pipeline not be subject to controls;
4. Q16.4 - PEANZ supports the Commission's draft findings that the McKee to Faull Road pipeline not be subject to controls;

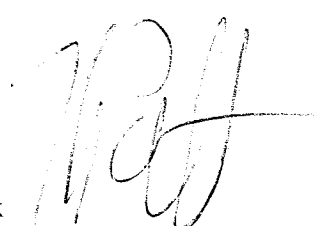
5. Q16.5 - PEANZ supports the Commission's draft findings that the Rimu and Waihapa pipelines noted not be subject to controls;
6. Q16.6 - PEANZ supports the Commission's draft findings that the Surrey Road to NGC's LTS pipeline not be subject to controls.

Maui Pipeline

With regard to section 14 of the draft report, PEANZ would note its support for a submission from MDL and/or the Maui Mining Companies.

Please do not hesitate to contact me if you have any queries or would like PEANZ to expand further on any of the above.

Yours sincerely



Dr Mike Patrick
Executive Officer
PEANZ