

RULES

of

THE PETROLEUM EXPLORATION & PRODUCTION
ASSOCIATION OF NEW ZEALAND
(INCORPORATED)

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THE PETROLEUM EXPLORATION & PRODUCTION ASSOCIATION OF NEW ZEALAND (INCORPORATED)

NAME

1. The name of the Association shall be THE PETROLEUM EXPLORATION AND PRODUCTION ASSOCIATION OF NEW ZEALAND (INCORPORATED) and it is hereinafter referred to as "the Association".

INTERPRETATION

2. In these rules:

"Chief Executive Officer" means the officer responsible for the day-to-day affairs of the Association as set out in Rule 61 below, and will not by reason of holding such office be a member of the Association's Governing Board.

"Codes of Practice" means any code of practice issued or approved by the Association from time to time (or any amendment thereto) setting out the operational, business and ethical practices that shall be adhered to by Members as a condition of their membership in the Association.

"Member" means a member of the Association, whether a Full Member or an Associate Member.

"Person" includes an individual, firm, company, corporation, association, or any body of persons, whether corporate or unincorporate.

"Petroleum industry" means the industry engaged in the exploration for and production of petroleum in New Zealand, and other industries associated or allied therewith.

"Rules" refers to these rules of the Petroleum Exploration and Production Association of New Zealand (Incorporated) and any Bylaws or Codes of Practice created hereunder and rule has a corresponding meaning.

OBJECTS

3. The objects for which the Association is established are:
 - (a) To enable the safe, environmentally responsible and profitable exploration and development of New Zealand's full oil and gas potential for the benefit of stakeholder investors, Government and the people of New Zealand;
 - (b) to maintain, develop, preserve, protect, promote, and publicise the Petroleum industry in New Zealand;
 - (c) to promote the interests of persons from time to time engaged in the Petroleum industry;

- (d) to assist in the further development of the Petroleum industry;
- (e) to make representation to and co-operate with governments and public authorities and other persons or bodies on matters concerning the Petroleum industry;
- (f) to encourage education in all aspects of the Petroleum industry, to support skills development and training and to grant bursaries and scholarships considered to be appropriate by the Governing Board;
- (g) to prepare, acquire and disseminate information relating to the development of the Petroleum industry;
- (h) to promote and aid scientific and industrial research investigation and invention in relation to the Petroleum industry;
- (i) to raise money with a view to providing funds for all or any of the purposes of the Association;
- (j) to enter into agreements with any other person for the purpose of carrying into effect all or any of the objects of the Association;
- (k) to assist in bringing together those associated with the Petroleum industry and to promote friendly relations and the discussion of matters of mutual interest;
- (l) to establish Codes of Practice for its Members and to discipline any Members who breach such Codes of Practice;
- (m) For the purpose of effecting the objects as aforesaid the Association may:
 - (i) acquire any interest in any real or personal property and to deal with such interests in such a way and in such a manner as the Governing Board considers necessary or desirable;
 - (ii) invest any moneys of the Association not immediately required for any of its objects in such manner as may from time to time be determined;
 - (iii) borrow or raise money in such manner as the Association may think fit for its objects and in particular by mortgage or other securities of the Association with power if thought fit to charge such mortgages or other securities upon all or any of the property of the Association present or future; and
 - (iv) do all such other things as may appear to be incidental or conducive to the attainment of the above objects.

MEMBERSHIP

- 4.
- (a) Membership of the Association is divided into two membership categories, as follows:
 - (i) Full membership; and
 - (ii) Associate membership.

- (b) Each Member shall belong to one membership category only at any given time.
- (c) Applications for membership shall be in writing and shall contain the applicant's agreement to abide by these Rules and any regulations, Bylaws and Codes of Practice made under Rule 64 below and shall be accompanied by such information as is reasonably necessary to satisfy the Governing Board of the applicant's eligibility and suitability for membership.
- (d) Subject to clause 4(e) below, the Chief Executive Officer shall place any application for admission to membership before the Governing Board at the next meeting of the Governing Board after receipt of the same.
- (e) Every Member of the Governing Board shall receive not less than fourteen (14) days notice of the meeting at which an application is to be placed before the Governing Board for admission to membership.
- (f) A person shall only be admitted to membership on the decision of the Governing Board in favour of the applicant for membership and the decision of the Governing Board shall be final and binding.
- (g) The Governing Board shall have an absolute discretion to determine, and shall not be bound to give any reason for determining, the membership category and the relevant division or sub-division within such category for which any Member or applicant for membership of the Association qualifies, and in making any such decision, the Governing Board may take into account the ability to pay subscription rates of the Member or applicant.
- (h) Any Member may apply for a change to its membership category, division or sub-division within a membership category for the next financial year by giving written notice to the Governing Board at least one calendar month before the end of the current financial year, specifying the membership category or division to which that Member wishes to belong during the next financial year. The Governing Board may give effect to such application, or decline to do so, in accordance with the discretions conferred on it pursuant to the above Rules 4(d) and 4(e).
- (i) Subject to a Member's adherence at all times to these Rules and any Bylaws and Codes of Practice of the Association (if any), Membership of the Association shall in no other way impair limit restrict or detract from the rights or freedom of any Member to pursue on its own account any of the objectives described herein in whatever way that person in its own discretion may decide.
- (j) Without limiting the rights of a Member to be represented at general meetings by more than one individual, a Member may nominate only one person to act as its representative for the purpose of voting, who shall, subject always to the provisions hereof, have the right on behalf of the Member (and to the extent only to which the Member would, if an individual, be entitled to do so) to attend general meetings of the Association and to vote thereat and generally exercise all rights of membership on behalf of the Member.
- (k) The Governing Board may from time to time:
 - (i) Create, modify or disband divisions or sub-divisions of any category of membership;

- (ii) impose special conditions of membership on any category, division or sub-division of Members; and
- (iii) grant special privileges to any Member or any category, division or sub-division of Members.

FULL MEMBERS

5. Full membership of the Association shall consist of persons who hold an interest in exploration or production acreage and shall be comprised of two divisions, namely:
- (a) Producer: shall generally consist of persons who hold, or are joint venturers in a mining licence or mining permit issued under the relevant enabling legislation for the purposes of mining petroleum in New Zealand; and
 - (b) Explorer: shall generally consist of persons who hold, or are joint venturers in, any other permit issued under the relevant enabling legislation for the purposes of prospecting or exploration for petroleum in New Zealand and until determined otherwise by the Governing Board shall have the following sub-divisions.

For the purposes of Rules 5(a) and (b):

- (i) a person will be deemed to hold "an interest in exploration or production acreage" if that person, a subsidiary of that person, or a joint venture to which that person is a party, has been issued (a) a mining licence or mining permit under the relevant enabling legislation for the purposes of mining petroleum in New Zealand, or (b) any other permit under the relevant enabling legislation for the purposes of prospecting or exploration for petroleum in New Zealand; and
- (ii) a person will be deemed to have commenced production on meeting such per annum petroleum production output as determined by the Governing Board, for the purposes of Rule 5(a), from time to time.

ASSOCIATE MEMBERS

6. Associate membership in the Associations shall have the rights, powers and obligations of Full membership, including election to the Governing Board (pursuant to Rule 17 below), and Associate Members shall be entitled to be present and to speak at any general meeting of the Association.

ANNUAL SUBSCRIPTION

7. The Members shall pay such annual subscription as the Governing Board shall from time to time determine for each category, division or sub-division of membership of the Association, and the same shall be fixed and paid as provided in Rules 8 and 9 and in the other provisions of these Rules applicable thereto. From the date of the adoption of these Rules, the first such sub-divisions of membership of the Association, and the annual subscription for each, shall be as set out in Schedule 1 to these Rules.
8. The financial year of the Association shall end on the 31st day of December in each year and all subscriptions shall become due and payable on the 1st day of January in each year.

9. All subscriptions shall be payable in advance and any subscriptions not received by the 20th day of January in each year shall incur a late fee of ten percent (10%) of the annual subscription fee and the Member's rights of membership in the Association shall be suspended until such time as the annual subscription and late fee has been paid in full.

CESSATION OF MEMBERSHIP

10. As a consequence of any change in circumstances, a Member which, in the opinion of the Governing Board no longer meets the criteria of a membership category, division or sub-division as set out in Rules 5 and 6 above will with effect from the start of the next financial year become a Member of that membership category, division or sub-division considered appropriate to the new circumstances by the Governing Board.
11. Any Member may withdraw from the Association by giving three (3) months notice in writing to the Chief Executive Officer and upon the expiration of such notice that member shall cease to be a Member. A Member so withdrawing shall be liable for payment of the full amount of the subscription in respect of the financial year in which such notice expires.
12. Any Member shall cease to be a member upon the happening of any of the following events:
 - (a) that Member is declared insolvent or bankrupt; or
 - (b) that Member goes into liquidation either voluntarily or compulsorily, or if a receiver shall be appointed or if that Member makes a composition with its creditors; or
 - (c) if a Member ceases to retain its qualification for membership as set out in Rules 5 and 6 and the Governing Board resolves that such Member shall cease to be a Member; or
 - (d) if in the opinion of the Governing Board such Member has been engaged in activities detrimental to the objects of the Association or likely to bring the Association into disrepute or has been guilty of a breach of these Rules or any of the Bylaws or Codes of Practice of the Association and the Governing Board resolves that such Member shall cease to be a Member.
13. The Governing Board shall have the power at any time to require a Member to furnish to it a statement setting forth such information as the Governing Board may reasonably require to enable it to decide whether or not such Member has lost its qualification for membership.

GOVERNING BOARD

14. The Governing Board of the Association shall generally consist of nine (9) persons but in any case not fewer than five (5) and not more than twelve (12) persons, the majority of which in all cases shall be Full Members, and who shall be appointed or elected in accordance with Rule 17 hereof, and shall include the Chairman and the Deputy-Chairman appointed pursuant to Rule 26 hereof.
15. Members of the Governing Board may not appoint any other person to act as an alternate member in his or her place in the event that he or she is unable to attend to his or her duties as such member unless an appointment is required as a result of exceptional unforeseen circumstance directly affecting that member's ability to attend to his or her duties at the next meeting of the Governing Board and is:

- (a) limited to a duration no longer than is required for that person to attend the next meeting of the Governing Board; and
- (b) ratified by a majority of the other members of the Governing Board at the outset of that next meeting of the Governing Board.

The following provisions shall apply to any alternate member appointed in accordance with this Rule 15:

- (c) He or she may be appointed or removed from office by written notice, email, letter telegram or facsimile to the Association from the member by whom he or she is to represent or was appointed;
 - (d) He or she shall be entitled to exercise all the powers (except the power to appoint an alternate member) and perform all the duties of a member of the Governing Board at the next meeting of the Governing Board, including attending, speaking, and voting, insofar as that member by whom he or she was appointed has not exercised or performed them.
16. The members of the Governing Board representing either Full Members or Associate Members shall not be entitled to any remuneration for their services as such. Members of the Governing Board appointed 'at large' shall at the discretion of the Governing Board be entitled to receive remuneration for their services, which shall be set from time to time by the Governing Board.
17. The members of the Governing Board shall be appointed in accordance with the following procedure:
- (a) Only the senior person (i.e., Chief Executive Officer, Partner, Director, etc.) most responsible for activities within the Petroleum industry in New Zealand of a Member of the Association in good standing shall be entitled to be appointed as a member of the Governing Board.
 - (b) Full Members shall in general appoint six (6), but shall be entitled to appoint a minimum of three (3) and a maximum of eight (8), members of the Governing Board, but in any event shall not comprise more than 2/3rds of the members of the Governing Board:
 - (i) Producers shall be entitled to appoint a minimum of two (2) and a maximum of six (6) members of the Governing Board, but in all cases shall not comprise more than 60% of the members of the Governing Board.
 - (ii) Explorers shall each be entitled to appoint a minimum of one (1) and a maximum of two (2) members of the Governing Board.
 - (c) Associate Members shall be entitled to appoint a minimum of one (1) and a maximum of two (2) members of the Governing Board.

The method of appointment (and removal, where appropriate) is as follows:

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- (i) If there are no more Members in a category or, in the case of Full Members, a division, of membership than the maximum appointments allocated to that category or division, the following shall apply:
1. Each Member of the category or division in question shall have the right to appoint one (1) member of the Governing Board by giving written notice of such appointment to the Chief Executive Officer at least one (1) month prior to an Annual General Meeting of the Association (together with that person's consent to become a member of the Governing Board).
 2. The appointment shall be effective from the conclusion of that Annual General Meeting and the term of the appointment shall be until the conclusion of the next following Annual General Meeting.
 3. The Members of the Association shall have no right to remove any members so appointed during the course of his or her term.
 4. If any member so appointed shall vacate office prior to completion of his or her term of appointment the Member that appointed that person may, by written notice to the Chief Executive Officer, appoint a replacement person to be a member of the Governing Board until the conclusion of the next Annual General Meeting, provided such replacement person meets the requirements of this clause 17.
- (ii) If there are more Members in a category, or in the case of Full Members, a division, of membership than the maximum appointments entitled to be appointed by that category or division the following shall apply:
1. Each Member of the category or division (as the case may be) shall have the right to nominate one (1) person for appointment as a member of the Governing Board by giving written notice to the Chief Executive Officer at least one (1) month prior to an Annual General Meeting (together with that person's consent to become a member of the Governing Board).
 2. In the notice of the Annual General Meeting the Chief Executive Officer shall advise all Members of the Association of the nominations received.
 3. If fewer people are nominated in a membership category or division than the maximum appointments entitled of that category or division then those people nominated shall be appointed as members of the Governing Board with effect from the conclusion of the Annual General Meeting.
 4. If more people are nominated in a membership category or division than the maximum appointments entitled of that category or division then the Members of that category or division present at the Annual General Meeting shall vote on the nominations to determine which of the nominated persons shall be appointed. The persons receiving the most votes in

each category or division, up to the maximum number of appointments entitled by a category or division, shall be appointed as members of the Governing Board with effect from the conclusion of the Annual General Meeting. Each Member of a category or division of membership may cast one (1) vote in respect of a nominated person in that category or division.

5. The term of any member appointed to the Governing Board under the clause shall be until conclusion of the next following Annual General Meeting.
 6. If a member vacates office prior to completion of his or her term the Members shall not have the right to appoint any replacement, provided that if such vacation reduces the number of members of the Governing Board appointed by Full Members below having a majority on the Governing Board a replacement member (or members) may be appointed at a General Meeting (called for such purpose).
- (d) In addition to the Full Member and Associate Member appointments outlined above, the Governing Board newly appointed at the Annual General Meeting shall meet and appoint a minimum of one (1) and a maximum of two (2) additional member(s) of the Governing Board ‘at large’. The method of appointment (and removal, where appropriate) is as follows:
- (i) If the number of Full members of the Governing Board elected at a General Meeting is:
 - a) six (6) or less - one (1) member ‘at large’ shall be appointed;
 - b) seven (7) or more - two (2) members ‘at large’ shall be appointed.
 - (ii) The Chairman of the Governing Board shall call for nominations by the members of the Governing Board for candidates to be appointed as member(s) ‘at large’ of the Governing Board.
 - (iii) Nominees for appointment to the Governing Board ‘at large’ shall be decided by vote in the affirmative by a majority of the members of the Governing Board.
 - (iv) The term of the member(s) appointed to the Governing Board ‘at large’ under the clause shall be until conclusion of the next following Annual General Meeting.
 - (v) The Members shall have no right to remove a member ‘at large’ so appointed during the course of his or her term.
 - (vi) If a member ‘at large’ vacates office prior to completion of his or her term the Governing Board shall have the right to appoint a replacement.
- (e) The member(s) of the Governing Board appointed “at large” may come from any category of membership, subject to the restrictions contained in clause 17(b), or may be appointed independent of any membership in the Association. For avoidance of doubt, members of the Governing Board appointed ‘at large’ are not required to be Members of the Association.

18. The office of a member of the Governing Board shall be vacated:
- (a) if he or she becomes bankrupt or makes any arrangement or composition with his or her creditors; or
 - (b) if he or she dies or becomes mentally disordered; or
 - (c) if, being the representative of a Member of the Association, that Member ceases to be a Member; or
 - (d) if by notice in writing he or she resigns his or her office.
19. The Governing Board may appoint a person ("Appointee") to fill any casual vacancy on the Governing Board. A casual vacancy exists at any time there is fewer than five (5) members on the Governing Board or at least fifty percent (50%) of the people appointed are not Full Members or there is not at least one person appointed as an Associate Member. The following conditions apply to such an appointment:
- (a) an Appointee must be associated with a Member and shall be the most senior executive officer responsible for the Member's activities within the Petroleum industry in New Zealand;
 - (b) an Appointee may only be appointed if the Member they are associated with does not already have a person representing them on the Governing Board;
 - (c) an Appointee may only fill an Associate Member casual vacancy if that Appointee is associated with an Associate Member;
 - (d) subject to clause 19(e), an Appointee may only fill a Full Member casual vacancy if that Appointee is associated with a Full Member;
 - (e) an Associate Member Appointee may only fill a Full Member casual vacancy if:
 - (i) there are no available Full Member Appointees; and
 - (ii) subsequent to their appointment, Full Members will retain a majority on the Governing Board;
 - (f) an Appointee must be appointed by written resolution of the Governing Board; and
 - (g) an Appointee's term of appointment runs from the date of their acceptance of the appointment or the date of the Governing Board's resolution to appoint them, whichever is the later date, to the conclusion of the next Annual General Meeting.

For the purposes of this Rule a person is "associated with a Member" if he/she is a Member (in the case of an individual member), or is an employee, contractor or service provider of a Member or has some other form of close association with a Member (approved by the Governing Board).

POWERS OF GOVERNING BOARD

20. The affairs of the Association shall be managed by the Governing Board, who may exercise all such powers of the Association, and do on its behalf all such acts as it may do and as are not by these Rules required to be exercised or done by the Association in General Meeting.

21. Without limiting the generality of any of the other powers or rights contained in these Rules the Governing Board may from time to time and at any time at its discretion borrow for the purposes of the Association from any persons any sums of moneys either without security or upon the security of the property of the Association (real or personal) assets, and effects, both present and future or any part thereof either under legal mortgages or charges, with powers of sale and other usual powers or by the issue of mortgage debentures, debentures, bonds, obligations or any other securities of the corporation created or issued generally upon such terms and conditions as the Governing Board thinks fit.
22. The Governing Board may appoint, remunerate and dismiss such executives and other officers, employees and representatives as it shall from time to time deem necessary and may delegate to any one or more of them such of its powers as it shall think fit, other than the power to borrow money.

PROCEEDINGS OF THE GOVERNING BOARD

23. The Governing Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings and procedure as it thinks fit but shall at a minimum meet at least three (3) times annually, at least one (1) meeting of which shall be to approve the annual budget and set the annual subscription for the forthcoming year and to set the remuneration of the executives, officers, employees or other representatives of the Association. A meeting of the Governing Board may be held either:
 - (a) by a number of the members of the Governing Board who constitute a quorum being assembled together in person at the place, date and time appointed for the meeting; or
 - (b) by means of audio, or visual and audio, communication by which all members of the Governing Board participating and constituting a quorum can simultaneously hear each other throughout the meeting.
24. The number of Governing Board members required to make a quorum is stipulated as follows:
 - (a) If there are six (6) or fewer members of the Governing Board the quorum requirement shall be four (4) members, a majority of whom must be members appointed by Full Members of the Association.
 - (b) If there are seven (7) or more members of the Governing Board the quorum requirement shall be five (5) members, a majority of whom must be members appointed by Full Members of the Association.
25. A meeting of the Governing Board shall be convened by the Chief Executive Officer upon the request of the Chairman of the Governing Board or of any two (2) members thereof. At least five (5) days prior written notice must be given to each Member of the Governing Board of a meeting of the Governing Board.
26. In the event that and for as long as the number of Governing Board members is reduced below the minimum of five (5) members, the Governing Board may act for the purpose of summoning a General Meeting of the Association but for no other purpose to fill vacancies in the Governing Board.

27. The Governing Board shall at its first meeting after the Annual General Meeting of the Association in each year appoint as per the provisions of clause 17(d)(i) the appropriate number of members of the Governing Board 'at large' and appoint from among its members a Chairman and a Deputy-Chairman.
28. The Chairman or in his or her absence the Deputy-Chairman shall be entitled to be chairman of meetings of the Governing Board but if neither of those officers shall be present those members of the Governing Board who are present shall choose one of their members to be chairman of such meeting.
29. A meeting of the Governing Board at which a quorum is present shall be competent to exercise all the authorities powers and discretions by or under the Rules for the time being vested in the Governing Board generally.
30. The Governing Board may appoint and dissolve special committees to examine any matters relating to the objects of the Association and may require such special committees to report to it thereon. The members of a special committee need not be members of the Governing Board or of the Association. The meetings and proceedings of any such committee shall be governed by the provisions of these Rules for regulating the meetings and proceedings of the Governing Board so far as applicable and so far as the same shall not be superseded by any regulations made by the Governing Board.
31. All acts properly done by any meeting of the Governing Board or by any person acting as a member of the Governing Board shall, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any such member or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a member of the Governing Board.
32. The Governing Board shall cause proper minutes to be kept of all appointments of officers made by it and of the proceedings of all meetings of the Association and of the Governing Board and all business transacted at such meetings, and any such minutes of such meetings signed by the Chairman thereof or by the Chairman of the next succeeding meeting, shall be prima facie evidence without any further proof of the facts therein stated.
33. Resolutions at meetings of the Governing Board shall be passed by majority vote of the Members present. The Chairman shall not be entitled to a second or casting vote in the event of a tie and in the event of a tie the motion shall be considered lost.
34. A resolution in writing signed by all of the members for the time being of the Governing Board in New Zealand (not being fewer than the number required to constitute a quorum) shall be as valid and effectual as if it had been passed at a meeting of the Governing Board. If any member of the Governing Board nominates an email address from which any message sent will be deemed to be sent by that member, the receipt of an electronically-transmitted message from that address signifying approval of a resolution will be deemed to be written signature of that resolution by the relevant member.

GENERAL MEETINGS

35. The Association shall in each year hold an Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one Annual General Meeting of the Association and that of the next. The Annual General Meeting shall be held at such time and place as the Governing Board shall appoint.

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36. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
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- (a) An Extraordinary General Meeting (at which only the business for which such meeting was convened may be dealt with) may at any time be summoned upon the order of the Governing Board and shall also be summoned upon the receipt by the Chief Executive Officer of a written request for the same signed by at least one third (1/3rd) of all Members of the Association and setting forth in the form of a motion or motions the object or objects of such meeting.
 - (b) If the Governing Board does not within a period of thirty-one (31) days convene an Extraordinary General Meeting the Members of the Association who made the request (or any one of them) may (subject to the provisions of these Rules as to notice) convene the same.
38. In the case of any General Meeting, a minimum of twenty-one (21) days notice in writing (exclusive of the day on which the notice is given or deemed to be given, and of the day for which the meeting is given) specifying the date, time and place of meeting and in the case of special business the general nature of such business, shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Association in General Meeting, to such persons as are under these Rules entitled to receive notices from the Association. With the consent in writing of all the Members entitled to attend and vote thereat a meeting may be convened by a shorter notice and in such manner as such Members may think fit.
39. The accidental omission to give notice to, or the non-receipt of notice by, any member or any other person entitled thereto, shall not invalidate the proceedings of any General Meeting.
40. All business that is transacted at an Extraordinary General Meeting shall be deemed to be special business. All business that is transacted at an Annual General Meeting shall be deemed to be special business, with the exception of the reading and consideration of the income and expenditure account and balance sheet and the ordinary reports of the Governing Board and auditors and other documents required by law to be annexed to the balance sheet, the election of members of the Governing Board, the appointment of the auditor and the fixing of its remuneration.
41. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. The quorum for any General Meeting shall be sixty percent (60%) of the total number of Full Members of the Association present in person or by representative, proxy or attorney.
42. If within half an hour from the time appointed for the holding of a General Meeting convened at the request of Members under clause 37 a quorum is not present, the meeting shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Governing Board shall appoint, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum.
43. The Chairman of the Governing Board or in his or her absence the Deputy Chairman shall preside as chairman at a General Meeting, but if neither of these members is present then the members of the Governing Board present shall select a chairman from among themselves.

44. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than business which might have been transacted at the meeting from which the adjournment took place. Whenever a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as of an original meeting.
45. At any General Meeting unless a poll be taken a resolution put to the vote of a meeting shall be decided on a show of hands and a declaration by the Chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minute book shall be conclusive evidence of the fact without further proof of the number or proportion of votes recorded in favour of or against such resolution. A poll may be directed by the Chairman or demanded by any Member present at the meeting and entitled to vote. A poll may be demanded either before the declaration of the result of a vote by show of hands or immediately thereafter before the meeting moves to the next business or adjourns.
- 45A. Resolutions at an Annual General Meeting or Extraordinary General Meeting shall be passed by a majority vote of the Members present and entitled to vote on the matter, which must include a majority of not less than sixty percent (60%) of the Full Members present.
46. In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.

VOTES OF MEMBERS

47. Each Member present at a General Meeting shall be entitled to one (1) vote and for the purposes of these Rules a Member shall be present at a meeting if represented thereat by a representative appointed under Rule 4(j) or by a proxy appointed under Rules 48 to 50.
48. Unless all subscriptions and fees payable by any Member of the Association have been paid such member shall not be entitled to vote on any postal ballot or vote at any General Meeting either personally or by representative appointed under Rule 4(j) or as representative, proxy or attorney for another member or to exercise any privilege as a Member.
- 48A. Each Member voting on a postal ballot pursuant to Rule 67 shall be entitled to one (1) vote and for the purposes of these Rules, that vote may also be exercised by a person nominated as a representative under Rule 4(j) or under a valid power of attorney.

PROXIES

49. The instrument appointing a proxy shall be in writing in the usual common form or in such other form as the Governing Board may determine under the hand of the appointor or of his or her attorney duly authorised in writing, or if such appointor by a firm or corporation, either under its Common Seal or under the hand of its duly appointed representative.
50. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be at the office not less than forty-eight (48) hours before the time fixed for holding the meeting or adjourned meeting at which the person named in such instrument is authorised to vote, and in default the instrument of proxy shall not be treated as valid.

51. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy, unless previous intimation in writing of the death or revocation shall have been received at the office.

ACCOUNTS

52. The Governing Board shall cause proper books of account to be kept with respect to:
- (a) all sums of money received and expended by the Association and the matters in respect of which the receipts and expenditure take place;
 - (b) all sales and purchases of goods by the Association; and
 - (c) the assets and liabilities of the Association.
53. The books of account shall be kept at the office of the Association and at such other place or places as the Governing Board thinks fit, and shall always be open to the inspection of the Governing Board.
54. The members of the Governing Board shall from time to time cause to be prepared and to be laid before the Association in General Meeting such income and expenditure accounts, balance sheets and reports as are referred to therein.
55. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Association in General Meeting, together with a copy of the auditor's report, shall not less than seven (7) days before the date of the meeting be sent to every member.

AUDIT

56. An auditor shall be appointed and shall hold office until such auditor resigns or is replaced at an Annual General Meeting of the Association.

NOTICES

57. A notice may be given by the Association to any Member either personally or by sending it by post or facsimile or electronic transmission (e-mail) addressed to it at the address, supplied by the Member to the Association for the giving of notices to it or if no such address has been supplied, at the registered office of the Member (or the Member's place of business in New Zealand) if it has no registered office in New Zealand. Notices sent by post shall be sent by properly addressing, prepaying and posting a letter containing the notice, and shall be deemed to have been delivered in the case of a notice of a meeting at the expiration of forty-eight (48) hours after the letter containing the same is posted. Notice sent by facsimile or e-mail shall be sent by transmitting the facsimile or e-mail to the proper address and shall be deemed to have been effected in the case of a notice of a meeting at the expiration of forty-eight (48) hours after such transmission, and in any other case on the day after the date of such transmission as the case may be.
58. Notice of every General Meeting shall be given in any manner authorised to:

- (a) every Member except such as (having no registered address within New Zealand) have not supplied to the Association an address within New Zealand for the giving of notices to them; and
- (b) the auditor for the time being of the Association.

No other person shall be entitled to receive notices of General Meetings.

COMMON SEAL

59. The Governing Board shall obtain a common seal for the use of the Association and shall provide for the safe custody thereof. The seal shall not be used except by the authority of a resolution of the Governing Board and every instrument to which the seal is affixed shall be signed by two (2) members of the Governing Board or by either the Chairman or Deputy Chairman of the Governing Board and countersigned by the Chief Executive Officer.

CHEQUES, BILLS ETC

60. All cheques, bills of exchange and promissory notes shall be signed, drawn, made, accepted or endorsed (as the case may be) for and on behalf of the Association by two (2) members of the Governing Board or by the Chairman or Deputy Chairman of the Governing Board and the Chief Executive Officer or some other officer authorised by the Governing Board or in such other manner as the Governing Board may from time to time determine.

CHIEF EXECUTIVE OFFICER

- 61.
- (a) There shall be a Chief Executive Officer of the Association who shall hold office at the pleasure of the Governing Board.
 - (b) The duties of the Chief Executive Officer shall include representing the interests of the Members of the Association and providing management services to the Association. The Chief Executive Officer shall report to the Governing Board and routinely to the Chairman. The Chief Executive Officer shall be responsible for:
 - (i) fostering an environment in New Zealand in which petroleum exploration and development flourishes;
 - (ii) representing the interests of the Petroleum industry with central, regional and district government, government agencies, the private sector, non-governmental organisations, media and the general public;
 - (iii) promoting the Petroleum industry and its members as responsible citizens in New Zealand; and
 - (iv) developing a positive public awareness of the industry and its members, in particular its contribution to economic development, and sensitivity to environmental issues; and
 - (v) acting in accordance with the Association's Strategic Plan and Strategy, and co-opting and encouraging members to do likewise, for the purposes of achieving the objects of the Association.

- (c) The specific duties of the Chief Executive Officer shall be those duties as determined by the Governing Board and set out in an employment contract between the Association and the Chief Executive Officer.
- (d) In addition to the duties of the office determined by the Governing Board the Chief Executive Officer shall be responsible for ensuring compliance with the provision of the Incorporated Societies Act 1908 dealing with the filing of returns and giving of notice of any change in the registered office.

DISPOSING OF THE PROPERTY OF THE ASSOCIATION IN THE EVENT OF WINDING UP

62. In the event of the winding up of the Association the assets of the Association shall be realised and the funds of the Association used for the discharging of its liabilities. In the event of any surplus funds then being held by the Association they may be put to such use as the Association in General Meeting may determine, provided however that any distribution to Members must be between all Members of the Association in equal shares.

REGISTERED OFFICE

63. The registered office of the Association shall be at such place as the Governing Board may determine from time to time. Notice of the first registered office and any change thereto shall be notified to the Registrar of Incorporated Societies.

BY-LAWS

64. The Governing Board may make, repeal and amend such regulations, by-laws and Codes of Practice not repugnant to these Rules as they may from time to time consider necessary for the wellbeing of the Association but any such regulations, by-laws or Codes of Practice may be set aside by a General Meeting of the Association. A copy of any such regulations, by-laws, Codes of Practice or of any alterations thereto shall be sent to members as soon as convenient after the making thereof.

ALTERATIONS OF RULES

65. These Rules may only be amended, added to, rescinded or substituted by a resolution by vote at a meeting pursuant to Rule 66, or a resolution by postal ballot pursuant to Rule 67.
66. A resolution to amend, add to, rescind or substitute these Rules may be passed by vote at a meeting provided that:
- (a) a resolution is passed by a majority of not less than sixty percent (60%) of the Members present and entitled to vote at an Annual General Meeting or an Extraordinary General Meeting convened for the purpose, which must include a majority of not less than sixty percent (60%) of the Full Members;
 - (b) written notice of the proposed amendment, addition or rescission or substitution shall have been given to the Chief Executive Officer not less than twenty-one (21) days before the meeting; and
 - (c) the amendment, addition or rescission is accepted by the Registrar of Incorporated Societies.

67. A resolution to amend, add to, rescind or substitute these Rules may be passed by postal ballot provided that:
- (a) written notice of the proposed amendment, addition, rescission or substitution must be given:
 - (i) to all Members that have supplied the Association with a New Zealand address for the giving of notices to them; and
 - (ii) at least twenty-one (21) days prior to the closing date of the postal ballot (and the closing date must be specified in such a notice together with the wording of the proposed changes and instructions on how to vote using the postal ballot);
 - (b) the resolution is passed by a majority of not less than two-thirds (2/3rds) of all Members who are entitled to vote and who do vote, which must include a majority of not less than sixty percent (60%) of the Full Members; and
 - (c) the amendment, addition, rescission or substitution is accepted by the Registrar of Incorporated Societies.

MATTERS NOT PROVIDED FOR

68. If any matter shall arise which is not, or which in the opinion of the Governing Board is not provided for by or under these Rules, the same shall be determined by the Governing Board in such manner as it shall deem fit, and every such determination shall be binding on the Association and its Members unless and until set aside by a resolution of a General Meeting.

SCHEDULE 1

Sub-divisions and Annual Subscriptions

For the purpose of determining the level of annual subscriptions, until such time as amended by the Governing Board:

1. The Producer category of Full membership of the Association shall be comprised of the following sub-divisions and annual subscriptions, namely:
 - (a) Large Producer: Producers with an annual production of two (2) million barrels of oil equivalent or greater: \$150,000;
 - (b) Small Producer: Producers with an annual production less than two (2) million barrels of oil equivalent: \$75,000.
2. The Explorer category of Full membership of the Association shall be comprised of the following sub-divisions namely:
 - (a) Large Explorer: Explorers of a corporate size or undertaking a level of operations that exceeds the level set by the Governing Board from time to time: \$50,000.00; and
 - (b) Small Explorer: All other Explorers that are not classified as Large Explorers: \$18,000.00.
3. Associate membership of the Association shall be comprised of the following sub-divisions namely:
 - (a) Field Operations Services Provider: persons who, in the opinion of the Governing Board have a substantial interest in or connection with companies that provide significant services related to the undertaking of field operations to the Petroleum industry (e.g., seismic acquisition, well drilling, completion or testing, facility engineering, procurement, construction and management (“EPCM”) providers): \$10,000;
 - (b) Non-Field Services Provider: any persons or company that provide consultant services of a non-Field/ECPM/operational nature to the Petroleum industry (e.g., legal, financial, technical, commercial, environmental, etc) or of such a size that, at the discretion of the Governing Board, qualifies for associate membership in this sub-division: \$3,500; and
 - (c) Individual: any individual person or company consisting of a single individual that provides consultant services to the Petroleum industry, any member of academia, government agency, reciprocal membership in the Association by another organisation similar to the Association or of such a size that, at the discretion of the Governing Board, qualifies for associate membership at a reduced subscription fee: \$600.