

Oil and Nelson Bunker Hunt - Part 1

By Neville Barlow

Just recently I purchased a book entitled *New Zealand's Lost Oil Fields*. I had always understood that our Oil fields were found in and around the Taranaki basin and some exploration had been done in the ocean, west of Gisborne. In fact, there were 21 Oil and Gas licenses to be found here. The most important of these are Kapuni, Maui, Pohokura and Kupe. Exploration for Oil and gas reserves have included these offshore areas and in the Canterbury bight.

In 1865 the Alpha well was drilled near Mikotshi, near New Plymouth. In 1869 eight wells had been hand dug or drilled near Alpha's, resulting in half a dozen barrels of oil. In the 1880's the internal combustion engines invention caused the demand for petroleum to soar. The Moturoa Petroleum Company struck pressurised oil and caused a spectacular blow out in 1905. However, it was not until the 1930's and 1940's that oil became available throughout Taranaki. For many years derricks, or drilling towers were prominent features on the Taranaki landscape. The last producing wells were closed and capped in the 1970's. Nearly 50 wells had been sunk over 100 years, producing some 35 million litres of petroleum for the local industry.



Soon after, the huge off-shore Maui gas and condensate field close to New Plymouth was discovered. This field was to produce most of the petroleum products so far, made from New Zealand oil resources. It was this special project that was to make New Zealand partly self-sufficient for petrol. This scheme was the brainchild of National Party politician Bill Birch who wanted to make New Zealand's economy less exposed to the need to import petrol. The oil shocks in 1973 and again in 1978 made the Government happy to be able to provide a home-based alternative.



Maui Gas Field

Unfortunately, in 2018 a woman by the name of Jacinda, on a whim, just as she left New Zealand for an environment conference in Paris, without discussing it with any of her colleagues, banned any further oil exploration in New Zealand for ever!

In 1970 an American company called Hunt Petroleum showed an interest in oil exploration in New Zealand.

After viewing geologists reports they focused their interest on the Great South basin which covered an area from Oamaru to Stewart Island. The New Zealand Government was approached. They insisted that any oil discovered was to remain New Zealand's but did offer to contribute a small amount of financial help.

Nelson Bunker Hunt was the son of Oil tycoon H.L. Hunt who set up Placid Oil, once one of the biggest independent oil companies in the World. He inherited multi-billions from his father and set about adding to the fortune and was at one time considered the richest man in the world.

Being his own man, he went abroad to make his mark in the oil business in the 1950's. He found little success in Pakistan and Saudi Arabia but struck it rich in Libya. He controlled 8 million acres of oil rich country, said to be worth between \$8 billion and \$16 billion. However, Colonel Gaddafi overthrew Libya's king in 1969 and by 1973 had nationalized Hunt Oil Companies Libyan operations.



Nelson Bunker Hunt

It was then that Nelson Bunker Hunt turned his eyes toward New Zealand. Invercargill was to be the base for Hunt oil. The American oil men had plenty of money and the town prospered. Between 1974 and 1978 Hunt Petroleum drilled eight wells in the Great South Basin. The first rig was designated Penrod 74, but when it broke loose in a gale it was replaced by a bigger,

Penrod 78. It had two support tender vessels, Kodiak Bear One and Kodiak Two and this gave the search for oil a new lease of life. The main problem for Hunts was the New Zealand Government. They did not pay their agreed share of the costs. In all, their one million dollars paid in dribs and drabs was little solace to the \$250 million the Americans had put in. They felt they were being taken advantage of and could not understand why.

The Oil game is a very secretive one and the reporting of the success or failure was always at the behest of those that did the drilling. Hunts concluded that there was little for them in New Zealand, and they departed.

They also refused to report to the Government what they had discovered. Many years later, the book I referred to in the early part of this article, "New Zealand's lost Oil Fields" revealed that 7 of the 8 Wells all showed large quantities of Hydrocarbons and one was a gusher.



Oil Rig Penrod 74

After the losses in Libya and the New Zealand adventure, Bunker wanted something safe, particularly as he feared a worldwide financial collapse. His solution was Silver. He along with his brothers Herbert and Lamar, slowly started buying up Silver when it was \$1.94 an ounce. Working with Saudi buyers, it topped out at \$50 an ounce. They controlled 200 million ounces of Silver but could not sell it for fear of driving the price down. Silver crashed in price and the Hunt brothers were in trouble.



Oil Support Vessels in Bluff Harbour



Lawsuits, tax bills and fines, loan payments, and bankruptcy reduced their \$8 billion in 1980 to \$1 billion in 1988. Bunker and Herbert were charged with manipulating the price of Silver and each fined \$10 million.

Nelson Bunker Hunt was not the stereotype hard living Texas oilman in a cowboy hat. He was a portly, nondescript bespectacled simple man. He is said to say, "That people who know how much they are worth, don't amount to much." He never had fancy cars but one of his passions was thoroughbred racehorses.

In 1970 he owned the 8,000- acre Bluegrass Farm in Lexington, Kentucky. It was one of the World's largest and most productive breeding farms and raced horses in Europe and North America. He won the U.S. Eclipse Award for Outstanding Breeder in 1976, 1985, and 1987. In 1973 and 1974, Hunt was the British flat racing Champion Owner and in 1976 won the Derby with Empery. Overall, Hunt bred 158 stakes winners and bred 25 Champions. His lasting

legacy is, however, the sire Vaguely Noble and the champions Dahlia, Youth, Exceller, Glorious Song Dahar and Escapade. He also pioneered the shuttling of the northern hemisphere stallions to New Zealand with a horse called Pretendre.

He was also a World authority on Black Cattle, and he toured the World as a judge.

It is a very strange world when some people like my family and I, not only met this multi- millionaire but had him stay with us on several occasions. If my dad and I had not ventured into Thoroughbred horse racing it would not have happened.

Neville

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