

ENFORCEABLE UNDERTAKING

This undertaking is offered to the Securities Commission for acceptance under section 69J of the Securities Act 1978 by:

South Pacific Energy Limited
PO Box 24 528
AUCKLAND

and its directors

Dene Biddlecombe,
56 Calgary Street, Sandringham, Auckland



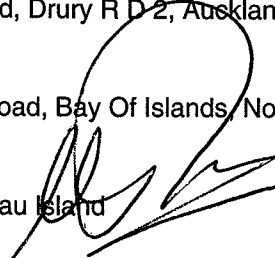
Bruce Harnett,
64 Jesmond Road, Drury R D 2, Auckland



Murray Hosking
Waipapa West Road, Bay Of Islands, Northland



Bill Treuren,
North Cove, Kawau Island



Paul Twynham,
52 Malton Road, Beecroft, Sydney NSW 2119, Australia



and

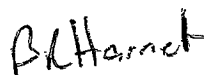
Calgary Petroleum Limited
PO Box 24 528
AUCKLAND

and its directors

Dene Biddlecombe,
56 Calgary Street, Sandringham, Auckland



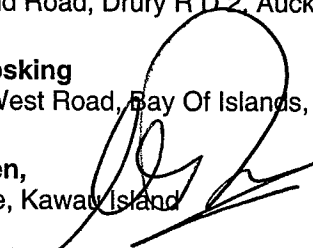
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Paul Twynham,
52 Malton Road, Beecroft, Sydney NSW 2119, Australia



Background

1. South Pacific Energy Limited (**South Pacific**) and Calgary Petroleum Limited (**Calgary**) are each companies registered under the Companies Act 1993. South Pacific and Calgary and their respective wholly owned subsidiaries are the constituent companies of the "South Pacific Energy Group" which is involved in oil and gas exploration, drilling and production in New Zealand. Shareholders of the South Pacific Energy Group hold equal numbers of shares in each of South Pacific and Calgary.

2. On October 22, South Pacific and Calgary each offered equity securities under a rights issue to all existing shareholders of the South Pacific Energy Group by way of a letter to shareholders (the **Original Offer**). These companies did so without a registered prospectus or investment statement.
3. On 15 November 2004, the scheduled closing date of the Original Offer, South Pacific and Calgary received a letter from the Securities Commission (**Commission**) expressing its concern that the securities may have been offered to the public in contravention of the Securities Act 1978 (**Securities Act**).
4. South Pacific and Calgary provided requested information to the Securities Commission to support the view of the companies that the Original Offer was not an offer "to the public".
5. Despite this the Commission remained concerned that the securities may have been offered to the public in contravention of the Securities Act. South Pacific and Calgary and the directors of South Pacific and Calgary acknowledge the Commission's concerns. South Pacific and Calgary and the directors of South Pacific and Calgary seek to remedy the possible breaches of the Securities Act and ensure that no breaches of the Securities Act and the Securities Regulations 1983 (**Regulations**) occur in the future.
6. South Pacific and Calgary and the directors of South Pacific and Calgary have offered the undertakings set out below. The Commission has agreed to accept these undertakings under section 69J of the Securities Act.

Undertakings


7. South Pacific and Calgary and the directors of South Pacific and Calgary will not offer further securities to the public for subscription, other than in an investment statement, registered prospectus, or authorised advertisement that complies with the Securities Act and the Regulations, or in accordance with any applicable exemption granted by the Commission.
8. South Pacific and Calgary will each:
 - (i) register, within 6 weeks of signing this undertaking, a prospectus that complies with the Securities Act and the Regulations (**Prospectus**); and
 - (ii) distribute an investment statement that complies with the Securities Act and the Regulations (**Investment Statement** and, together with the Prospectus, the **Offer Documents**) to all shareholders who have subscribed for equity securities under the Original Offer (**Shareholders**).
9. South Pacific and Calgary will inform Shareholders who currently hold securities allotted in possible breach of the Securities Act of their rights in terms of section 37 of the Securities Act and offer each Shareholder the opportunity to either
 - (i) have their subscriptions under the Original Offer, together with interest (if applicable), refunded immediately; or
 - (ii) re-invest their subscriptions under the Original Offer, together with interest (if applicable), on the basis of the Offer Documents.
10. South Pacific and Calgary will hold all unapplied subscription monies received under the Original Offer in trust until the applicable Shareholders either reapply for equity securities under the Offer Documents or have their subscriptions, together with interest (if applicable), refunded.
11. South Pacific and Calgary will immediately refund the subscription, together with interest (if applicable), of any Shareholder who:
 - (i) requests a refund pursuant to the Offer Documents; or
 - (ii) does not, within 15 working days of the date of the Offer Documents, reapply for equity securities under the Offer Documents.

Handwritten signatures and initials are present at the bottom right of the page, including a large signature that appears to be 'B. Smith' and other initials.

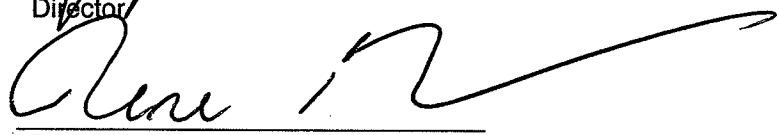
Acknowledgments

- 12. South Pacific and Calgary and the directors of South Pacific and Calgary acknowledge that the Commission:
 - (i) may issue a media release referring to the undertaking and to the concerns of the Commission which led to the undertaking being executed;
 - (ii) may from time to time publicly refer to the undertaking; and
 - (iii) will make this undertaking available for public inspection.
- 13. South Pacific and Calgary and the directors of South Pacific and Calgary acknowledge that this undertaking does not derogate from the rights and remedies available to the Commission or to any other person or entity arising from the conduct described in the undertaking.
- 14. South Pacific and Calgary and the directors of South Pacific and Calgary acknowledge that the Commission's acceptance of an enforceable undertaking under section 69J of the Securities Act does not affect the Commission's power to investigate future conduct of any person, to take any action or exercise any power under the Securities Act or any other legislation, or to refer any matter for criminal prosecution or seek any civil penalty.

Signed for and on behalf of **South Pacific Energy Limited**
by its duly appointed officers:

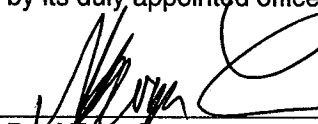


Paul Twynham
Director

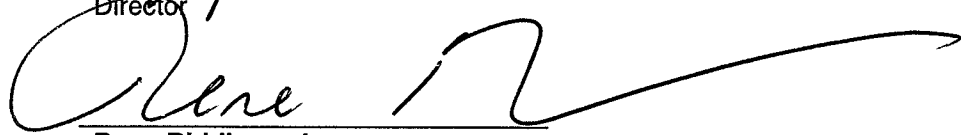


Dene Biddlecombe
Director

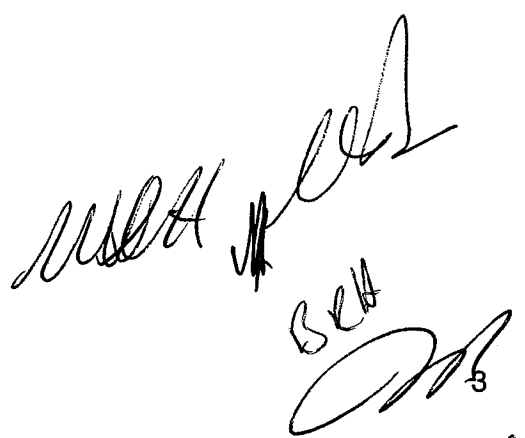
Signed for and on behalf of **Calgary Limited**
by its duly appointed officers:



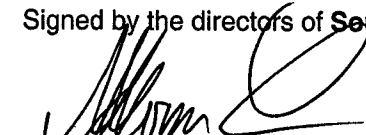
Paul Twynham
Director



Dene Biddlecombe
Director


MBA
Belt
AS

Signed by the directors of **South Pacific Energy Limited:**



Paul Twynham

Dene Biddlecombe

Bruce Harnett

Bill Treuren

Murray Hosking

Signed by the directors of **Calgary Petroleum Limited:**



Paul Twynham

Dene Biddlecombe

Bill Treuren

Bruce Harnett

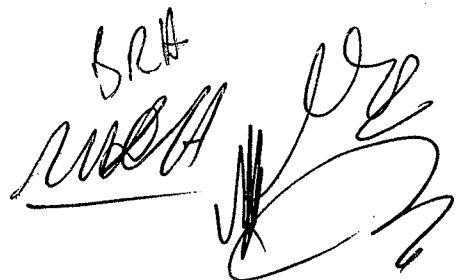
Murray Hosking

Accepted by the **Securities Commission** pursuant to
section 69J of the Securities Act 1978 by
its authorised delegate:



~~Narmada Patel~~ Liam Mason
~~Senior Solicitor~~ general counsel

21 February 2005



BRH
MBA
[Signature]