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NZOG ENCOURAGED BY EXPLORATION PROSPECTS

New Zealand Oil & Gas Ltd (NZOG) has welcomed the release of new acreage in the Northland and Raukumara Basins as it prepares for increasing exploration activity in the Canterbury and Taranaki Basins, including a drilling campaign near the Tui area oilfields in 2009.

The Government has released data on two offshore blocks in the unexplored Raukumara Basin off the North Island's East Cape, and on four offshore blocks in Northland. The bidding round will close in January 2010.

NZOG Chief Executive David Salisbury says the company will carefully assess the new areas.

"It is good to have new areas opened up. We will carefully assess these to determine if a bid or bids are an attractive option for NZOG. But at the same time, we are already actively involved in and expanding exploration initiatives in Taranaki and Canterbury."

The specialist seismic vessel the Pacific Titan has just completed a seismic survey in the petroleum exploration permit (PEP) 38483 in the Taranaki Basin. NZOG has an 18.9% stake in PEP 38483. The other joint venture parties are AWE, Mitsui and Pan Pacific Petroleum. In 2007 the unsuccessful Hector well was drilled but NZOG believes there are a number of other worthwhile leads in the permit. The newly acquired data will be processed over the coming months.

In January 2009 the Pacific Titan is scheduled to shoot a seismic survey in PEP 38259 in the Canterbury Basin. NZOG recently agreed to take a 40% stake in this permit. The other parties are AWE, Beach Petroleum and ANZON.

In November NZOG submitted a 100% application for a newly released area that lies to the west and south of the Kupe field in Taranaki. NZOG is also involved in a joint application with its Tui partners – AWE, Mitsui and Pan Pacific Petroleum - for another offshore Taranaki area to the south of PEP38483.

Tui Drilling

Confirmation of a 2009 drilling campaign within the Tui permit PMP 38158 in Taranaki is expected shortly.

The Tui partners have agreed to defer a proposed additional development well in favour of further exploration. Given the continued performance of the field, the Operator AWE has advised that the proven and probable (2P) reserve estimate can remain at 50.1 million barrels, without the extra well.

There are five potentially attractive prospects near to the three existing producing reservoirs that comprise the Tui area oil fields (see attached map). In total, these five prospects contain aggregate unrisks prospective resources at a P50 level of over 50 million barrels of oil. (This is adding together the best current estimate of what each of the prospects might contain).

The Tui partners intend to use the Kan Tan IV for a Tui drilling campaign in 2009. However, no decision has yet been made by the Tui partners on which of the prospects will be targeted in that campaign. The Tui Operator AWE is understood to be in final negotiations to secure the drilling rig.

David Salisbury said NZOG is very positive about the potential additional value that can be extracted from the Tui area and for the general exploration prospects in New Zealand.

“New Zealand Oil & Gas Ltd is considering a number of possible overseas investments and opportunities, but at the same time, we see good remaining prospectivity in New Zealand and we expect to remain an active player in the local exploration sector”.

ENDS

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NZOG stock symbols: NZX shares - NZO
ASX shares – NZO

