



January 9, 2007

## TUI DEVELOPMENT DRILLING UPDATE

New Zealand Oil & Gas Limited ("NZOG") reports that as at 0600 hours today, the Tui-2H well was drilling ahead in an inclined hole at a measured depth of 2,138 metres. During the past week, a subsea tree was installed on Tui-3H before the well was temporarily suspended as planned, and the rig repositioned over the Tui-2H well. The subsea tree was installed on Tui-2H and the well drilled to the current depth. Progress for the week is 636 metres.

The Tui-2H drilling programme involves the drilling of a pilot hole to guide the landing of the well in the reservoir. A horizontal production hole will then be drilled close to the top of the reservoir. After completion of Tui-2H, the Ocean Patriot rig will be relocated to drill and complete the Tui-3H well.

The Tui Area Development is located within PMP 38158, in the Taranaki basin, approximately 50 kilometres offshore of the west coast of the North Island of New Zealand. First oil is expected from the development by mid 2007, and when fully commissioned, a production rate peaking at 50,000 barrels of oil per day is anticipated.

### Participants in PMP 38158 are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Co. Ltd)	12.5%
New Zealand Overseas Petroleum Pty Ltd ("AWE")	22.5%
AWE New Zealand Pty Ltd ("AWE")	20.0%
Mitsui E & P New Zealand Ltd	35.0%
Pan Pacific Petroleum Ltd (through its subsidiary WM Petroleum Ltd)	10.0%

### FOR FURTHER INFORMATION PLEASE CONTACT:

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NZOG stock symbols: NZX shares - NZO options - NZOOD rights - NZORA  
ASX shares - NZO options - NZOO rights - NZOR