



ASX Announcement

January 9, 2007

AWE's Tui-2H drilling update

AWE Ltd ("AWE") 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 June 30, 2007, and when fully commissioned, a production rate peaking at 50,000 bopd is anticipated.

Participants in PMP 38158 are:

AWE *	42.5%
Mitsui E & P New Zealand Limited	35.0%
Stewart Petroleum Company Ltd ("New Zealand Oil & Gas")	12.5%
WM Petroleum Ltd ("Pan Pacific Petroleum NL")	10.0%

* New Zealand Overseas Petroleum Pty Ltd (22.5%)
AWE New Zealand Pty Limited (20.0%)

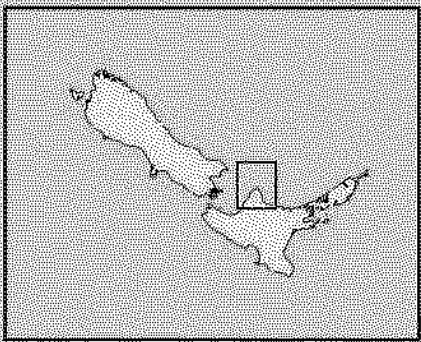
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Taranaki Basin

December 2006



Tasman Sea



PEP 38483
AWE 44.317%
Operator

PEP 38481
AWE 40%
Operator

Hoki

PEP 38482
AWE 40%
Operator

West Cape

Kopuwaiti

Taranui

PMP 38158
AWE 42.5%
Operator

Tui Area
Oil Fields

Tieke Flank

Maui

New Plymouth

Pohokura

Mangahewa

Mckee

Kamiro

Tariki

Ngatoro

Alfuroa

Kapuni

Waihapa-Ngaere

Rimu

Kupe

Hector Prospect

Hector South Sub Block
(PEP 38483)
AWE 42.5%
Operator



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Maui-4

Maari

- Mature Source Rock
- 3D Seismic survey Outline
- Gas Field
- Oil Field
- Prospect
- AWE Permit Blocks
- Gas Pipeline