



23 January 2007

NZOG'S TUI 2-H DRILLING UPDATE

New Zealand Oil & Gas Limited ("NZOG") reports that as at 0600 hours today, the pilot hole for the Tui-2H well had been drilled to a measured depth of 4,144 metres. The top of the oil reservoir was encountered at 4,073 metres measured depth and an oil column of 6.3 metres (vertical) was established.

The pilot hole has been plugged back, and preparations are currently underway to drill the main horizontal production well bore into the oil reservoir as planned.

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 30 June 2007, and when fully commissioned, a production rate peaking at 50,000 bopd is anticipated.

Participants in PMP 38158 are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Co. Ltd)	12.5%
AWE * (Operator)	42.5%
Mitsui E & P New Zealand Ltd	35.0%
Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	10.0%

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

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

news release