



30 January 2007

NZOG'S TUI 2-H DRILLING UPDATE

New Zealand Oil & Gas Limited ("NZOG") reports that as at 0600 hours today, preparations were under way to commence the drilling of the directional production hole from the current measured depth of 4,100 metres.

Following the setting of the cement plug in the pilot hole, the production well was drilled from a measured depth of 3,677 metres to 4,100 metres, where casing was run and cemented.

"Measured depth" is the length of the wellbore, as if determined by a measuring stick, which differs from the true vertical depth in a directionally drilled 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:

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%)

FOR FURTHER INFORMATION PLEASE CONTACT:

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

news release