



Tuesday 6 March 2007

KUPE GAS PROJECT - UPDATE

Development of the Kupe Gas Project is progressing well and a number of important milestones have now been reached on time and on budget.

The Kupe Gas Project is a \$NZ980 million dollar project which was approved to proceed in June 2006. Gas is expected to be on-line by mid-2009 and will provide New Zealand with approximately 254 petajoules of natural gas, 1.1 million tonnes of LPG and 14.7 million barrels of light oil.

Initial work on the Project has focused on:

- preparatory work at and around the onshore Production Station Site located near Hawera (site clearing, road upgrades etc.)
- drilling of the two 2.2 km horizontally directionally drilled (HDD) holes under the south Taranaki cliffs to carry the main gas pipeline and controls umbilical from the seabed to the production station site a few hundred metres back from the cliff top.

Work is now underway to build a "rock mattress" along the seabed immediately before the HDD holes. This involves laying rocks along the seabed to smooth out the undulations caused by boulders in the area. The rocks are being taken from a quarry at Egmont Village and will be laid on the seabed floor using a special vessel, the 'Pompeii'. The rock mattress will add stability to the pipeline and umbilical, particularly given Taranaki's strong weather and sea conditions.

The arrival date for the Ensco 107 drilling rig in Taranaki is now expected to be September 2007. The rig's current drilling commitments in Vietnam have been extended but this will not affect the Kupe Gas Project's critical milestones.

ENDS

Participants in the Kupe Joint Venture are:

New Zealand Oil & Gas Limited (via wholly owned subsidiaries)	15%
Origin Energy Resources (Kupe) Limited*	50% (Operator)
Genesis Energy	31%
Mitsui E&P (New Zealand) Limited	4%

*a wholly owned subsidiary of Origin Energy Limited

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NZOG stock symbols: NZX shares – NZO options - NZOOD
 ASX shares – NZO options - NZOD

news release