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news release

31 July 2007

NZOG'S TUI FIRST OIL FLOWING

New Zealand Oil & Gas Ltd ("NZOG") reports that Tui first oil flowed overnight. This is the culmination of an intensive fast tracked project to bring the Tui oilfields into production, only three years after their discovery.

The Tui oilfields are located 50 kilometres offshore in the Taranaki Basin. Initial production is anticipated to ramp up to 50,000 barrels of oil per day from 2P reserves (proved and probable) estimated at 27.9 million barrels of oil. NZOG's 12.5% share of the development gives the company 3.5 million barrels of oil over the project life, 30% of which will be recovered in the next 12 months. The first three shipments of oil have already been sold, benchmarked against the Tapis crude oil price.

NZOG CEO David Salisbury said "Tui is the first of our three current development projects to come to fruition and the oil revenues will give us a solid platform to pursue our growth strategy."

NZOG's three major development projects are Tui oil, Kupe gas/oil and Pike River coal.

ENDS

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

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Umuroa FPSO (Floating Production, Storage, & Offloading) vessel to be used for the Tui oil production in offshore Taranaki Basin with Mt Taranaki in the background.