



ASX Announcement

July 31, 2007

AWE's Tui Area Development commences oil production

Oil production from AWE Ltd's Tui Area Development started on July 30, 2007.

The AWE operated Tui Area Development, in New Zealand's offshore Taranaki basin, has commenced oil production in just 19 months from the joint venture's Final Investment Decision and represents a successful 'fast track' approach to the project.

The final capital cost for the project is estimated to be US\$269 million or approximately 10% over the previously advised project capex. The increase is largely attributable to adverse weather conditions affecting the offshore construction activities.

The Tui Area Development incorporates three adjacent oil fields with four sub-sea production wells tied back to the *Umuroa*, a leased Floating Production Storage and Offloading vessel.

The project is expected to ramp-up over the next few weeks to produce at a peak rate of 50,000 barrels of oil per day and produce approximately 10 million barrels in the first year of production.

The four wells were drilled and completed with extended horizontal production sections ranging from 819 metres to 1,850 metres in the oil reservoirs.

The pre-drill reserve estimate for the three fields was 27.9 million barrels and this figure will be updated based on the post-drill remapping of the fields and early well production performance.

When fully commissioned, the Tui Area Development will be New Zealand's largest oil producing operation.

AWE's managing director Bruce Phillips said:

"This is AWE's first oil production from New Zealand, the first offshore production from a project operated by AWE and is also the first sub-sea development in New Zealand."

"The start of production from the Tui Area Development is a major milestone for AWE and given some of the worst weather condition seen in 25 years during the construction phase, a substantial achievement by the joint venture and our project contractors."

"AWE thanks the thousands of people involved, who have worked tirelessly to bring the project to fruition.

"AWE is now seeking more commercial successes in New Zealand through one of the country's largest ever offshore exploration drilling programs. This campaign currently involves the drilling of the Hector, Taranui, West Cape and Kopuwai prospects which collectively target potential recoverable reserves of 100's of millions of barrels of oil. "

Participants in the Tui Area Development and PMP 38158 are:

AWE * (Operator)	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%)

For further information please contact:

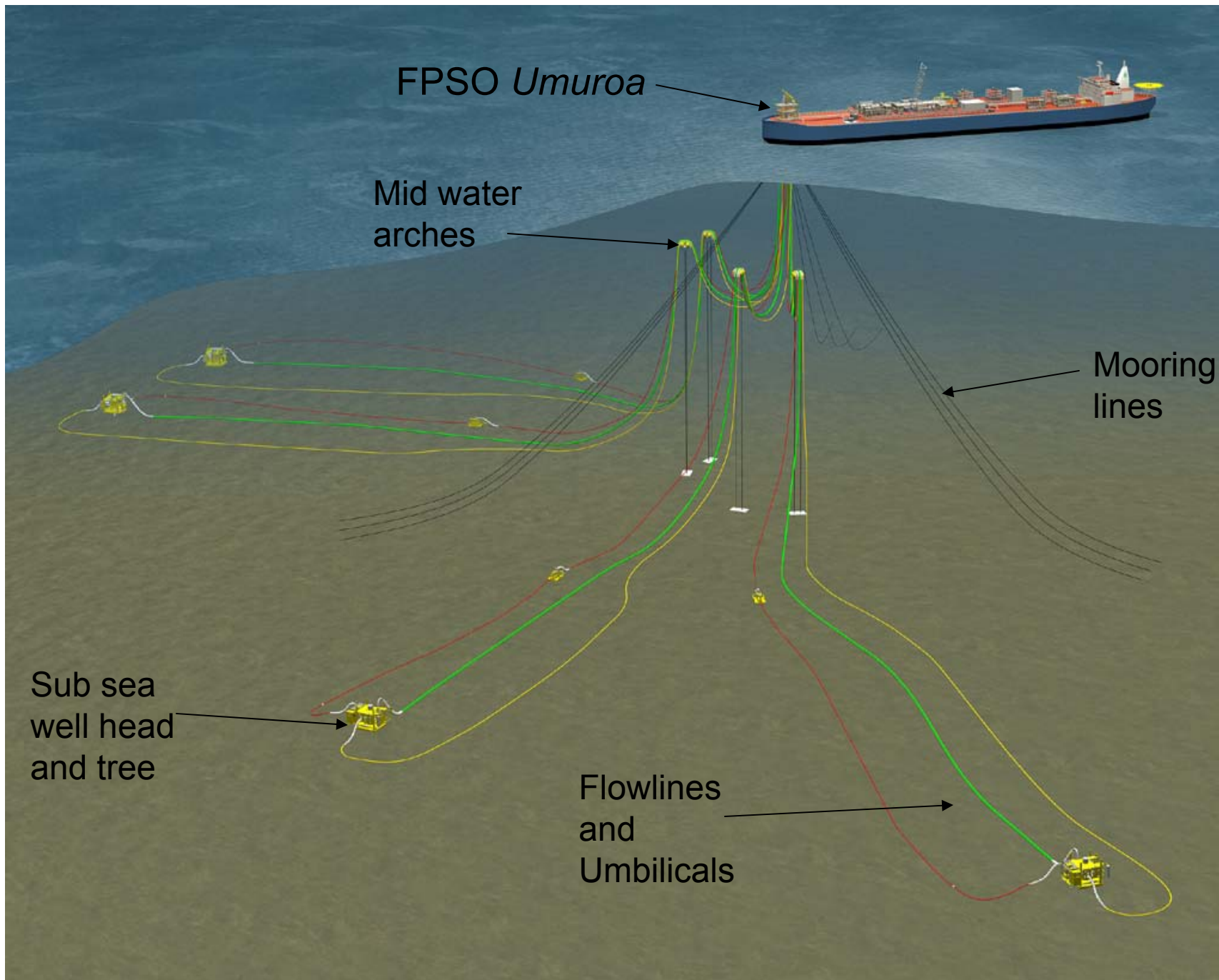
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PLIMSO





Taranaki Basin

Tasman Sea

PEP 38401
AWE 50%
Operator

PEP 381202
AWE 100%
Operator

PEP 38482
AWE 40%
Operator

PEP 38481
AWE 40%
Operator

PEP 38483
AWE 44.317%
Operator

PMP 38158
AWE 42.5%
Operator

PEP 38499
AWE 42.5%
Operator

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



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

Hoki

Paua

Kopuwai

Taranui

West Cape

Tui Area
Oil Fields

Toke

Hector Prospect

Maari

Maui-4

Maui

Pohokura

New Plymouth

Mangahewa

Kamiro

Mckee

Ngatoro

Tariki

Ahuroa

Oaonui

Kapuni

Waihapa-
Ngaere

Rimu

Kupe