



STOCK EXCHANGE ANNOUNCEMENT

31 July 2007

Hector Drilling – Progress Report

Pan Pacific Petroleum NL reports that Hector-1 started drilling on July 27 and at 0600 hours today, the *Ocean Patriot* drilling rig was cementing 13-3/8" casing at a measured depth of 1,506 metres.

The Hector prospect is located in PEP 38483, approximately 65 kilometres south west of the Tui Area Development. Hector -1 is being drilled in a water depth of 170 metres and has the potential to contain in excess of 100 million barrels of recoverable oil. The well has a planned total depth of 3,870 metres.

After Hector-1, the Taranui-1 prospect with the Tui Area production licence will be drilled.

Participants in PEP 38483 are:

Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	14.091%
New Zealand Oil & Gas Ltd (through Stewart Petroleum Company Ltd)	18.864%
AWE New Zealand Pty Limited ("AWE")	44.317%
Mitsui E & P New Zealand Limited	22.728%

A handwritten signature in black ink, appearing to read 'Kim Ware'.

Kim Ware
Company Secretary

For personal use only