



26 October 2007

UPDATE ON DISCHARGE INCIDENT

New Zealand Oil and Gas Ltd (NZOG) has been advised that that the oil recovered from the Taranaki coast appears to be similar to oil produced from the Tui oil field. As a participant in the Tui Area Oil Project, NZOG is working closely with the Joint Venture operator of the field, AWE Ltd, to complete the investigations.

AWE has also identified an incident which occurred on the Floating Production Storage and Offloading vessel 'Umuroa' on 21 October, 2007, which could be related to the oil found on the coast. This incident, reported to Maritime New Zealand on that day, involved the discharge of potentially contaminated produced water from the Tui field.

Investigations into whether the oil on the beach can be directly linked to the Umuroa discharge are incomplete.

AWE is working closely with New Zealand authorities, including Maritime New Zealand and the Taranaki Regional Council, to identify the nature and source of the oil. AWE has supplied a sample of Tui project crude to Maritime NZ for analysis and comparison with the degraded oil washed up on the coast.

NZOG has been advised that Taranaki Regional Council has collected approximately six cubic metres of contaminated sand, and this is believed to be the majority of the affected area.

The Tui area oil project lies approximately 60 km from the Taranaki coastline.

ENDS

Participants in Tui Area Oil Fields are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Co. Ltd)	12.5%
AWE * (Operator)	42.5%
Mitsui E & P Australia Pty 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