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03 December 2007

MILESTONES FOR TUI AND KUPE PROJECTS

New Zealand Oil and Gas Limited is welcoming notable milestones in its two Taranaki-based projects, Tui and Kupe. The company is also actively assessing the on-shore Taranaki blocks offer just released by the New Zealand Government.

Today the 5 millionth barrel of oil has been produced from the Tui Area Oil Project off the Taranaki coast. Production from the field began on 30 July and this milestone has been achieved in just over four months. Recent technical modifications to the production facility have allowed daily production rates to increase to around 50,000 barrels a day. Last month proved and probable (2P) reserves in the Tui Area Oil Fields were upgraded by the operator to 41.7 million barrels, almost 50% higher than the estimated reserves of 27.9 million barrels on which the project was sanctioned.

Over the weekend the "topsides" of the offshore platform for the Kupe Project arrived at Port Taranaki from Thailand. The large steel structure will be installed on the jacket (legs of the platform), which are now in place in the Kupe Central Field, 30km off the South Taranaki coast. The Project's three production wells will be drilled over the coming months and the Kupe project remains on target for production by mid-2009.

Today the New Zealand Government opened an onshore Taranaki Basin Blocks offer. Nine petroleum blocks are being offered, representing a total area of 3,200 square kilometres. NZOG has already undertaken preliminary assessments of the blocks and is actively considering participation in the bidding round. NZOG believes there is good remaining prospectivity in the Taranaki basin.

ENDS

Participants in Tui Area Oil Fields are:

AWE (Operator)	42.5%
New Zealand Oil & Gas Ltd	12.5%
Mitsui E & P Australia Pty Ltd	35.0%
Pan Pacific Petroleum NL	10.0%

Participants in the Kupe Project are:

Origin Energy Limited (Operator)	50%
New Zealand Oil & Gas Ltd	15%
Genesis Energy	31%
Mitsui E&P Australia Pty Ltd	4%

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