



ASX Announcement

December 4, 2007

AWE reaches production milestone at Tui Area Oil Project

AWE Ltd's 42.5 per cent owned Tui Area Oil Project off New Zealand's Taranaki coast, has produced its 5 millionth barrel of oil, approximately four months after production started on July 30, 2007.

The Tui Area Oil Project is located in PMP 38158, in the offshore Taranaki Basin, New Zealand. AWE is the largest participant and is the Operator of the project.

The Tui project has quickly become AWE's flagship operation with gross production in the last 10 days averaging approximately 47,000 barrels of oil per day (bopd).

Recent modifications to the floating production vessel Umuroa, have allowed daily production rates to increase to around 50,000 barrels a day.

Since the start of production a total of 15 shipments of crude oil have been lifted, totalling 4.5 million barrels. The 16th crude oil lifting is scheduled for Wednesday of this week.

The strong field performance since the start of production has encouraged AWE to revise the Tui project's oil production target for the year to June 30, 2008 from 10 million barrels to approximately 11 million barrels.

Apart from exceeding early production performance expectations the strong reservoir performance within the Tui project has also allowed the joint venture partners to dramatically increase the project's reserves base.

Last month proved and probable (2P) reserves in the Tui Area Oil Project were upgraded to 41.7 million barrels, almost 50% higher than the estimated reserves of 27.9 million barrels on which the project was sanctioned.

Water is being produced from the field, but at substantially lower rates than expected from earlier field simulations.

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The increase in proved and probable (2P) reserves is based on interpretation of re-processed 3D seismic, a more detailed assessment of the Kapuni reservoir and the integration of the production data from the fields since production began.

The higher reserves estimate assumes production from the existing four wells, plus one extra development well in the Tui oil field, Tui-4H, for which the early planning has already begun with drilling currently scheduled for mid 2009.

AWE's managing director Mr Bruce Wood said:

"The performance of the Tui Area Oil project to date has been exceptional and we look forward to continued strong performance from this key asset.

"There remains strong upside potential in the offshore Taranaki region and AWE is committed to continuing our exploration in the region.

"Tui however is only one component in the AWE growth story. Just last week AWE approved the development of the Henry gas field in the offshore Otway basin in Victoria and has a substantial pipeline of new oil and gas projects slated for development."

Participants in PMP 38158 are:

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

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