



21 May 2008

Tui Joint Venture extends Tui FPSO charter

The Tui joint venture has negotiated an extension of the term of the charter for the Floating Production Storage and Offloading (FPSO) vessel, "Umuroa" through to 31 December 2022.

The operator of the Tui oil project, AWE Ltd, has assessed that this extension is expected to allow at least five million barrels of additional oil to be recovered from the known Tui field reservoirs, **bringing the current proven and probable (2P) reserve to at least 47 million barrels.**

Under the contract with Prosafe Production, the owner and operator of the Umuroa, the fixed term of the charter has been extended by 3.4 years to 31 December 2015.

After that date the Tui joint venture now has seven, one-year options to extend, giving a maximum term of 15.4 years from the date of first production.

Previously the charter fixed term was for five years, with five one-year options to extend.

The gross value of the contract for the period from 1 June 2008 to 2022 is approximately US\$545 million. (Net Present cost US\$265 million discounted at 10%). The full operating cost of the charter for the financial year ending 30 June 2009 is forecast to be approximately US\$61m. This rate reduces annually, approximately in accordance with the expected field production profile.

The charter extension will allow the Tui joint venture to produce substantial additional oil from the Tui field and will also maximise the value of any further oil discoveries in the area.

The four existing Tui field production wells continue to perform strongly. Oil production has remained at close to 45,000 barrels a day despite rising water production.

Studies into modifications to the Umuroa to increase water handling capacity to 150,000 barrels a day and to accommodate the planned Tui 4H production well are underway.

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Since the start of production on 30 July 2007, the Tui project has produced approximately 12.6 million barrels of oil.

The Tui joint venture is presently reviewing the Tui field reserves. This review, which will include the additional oil recovery allowed by the Umuroa charter extension, is expected to be completed next month.

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

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