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NZOG increases interest in Taranaki Permit, embarks on new seismic survey.

New Zealand Oil & Gas has increased its interest in the offshore PEP38483 permit, including the highly prospective Hector Area prospects, from 15% to 18.9% ahead of acquiring 400+ square kilometres of 3D seismic over the Hector Area next month.

While processing and subsequent interpretation of the new seismic data will take some months before prospects can be high-graded for drilling, the work will be fast-tracked with a view to exploration drilling within the Hector Area late 2005 or early 2006.

The Hector Area is considered highly prospective due to a combination of favourable reservoir development within the Kapuni "F" sand (the same oil-bearing interval as in the Tui area and Maui B oilfields) and the prime location of the area for oil charge from the adjacent Kahurangi Trough.

Several "F" sand leads have already been identified from existing 2D seismic and better definition of these is the main focus of next month's 3D survey. There is also a large stratigraphic trap within the Kapuni "C" sands in the Hector Area, which may be addressed when drilling one of the deeper "F" sand closures.

Equities in PEP38483 upon satisfaction of various conditions, including government approvals, will be:

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

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NZOG stock symbols: NZX shares - NOG
ASX shares - NZO