



1 April 2005

## KUPE JOINT VENTURE DECIDES ON NEW GAS PRODUCTION STATION

New Zealand Oil & Gas Limited announces that the Kupe Joint Venture today elected to proceed with the design of a new onshore production station to process gas from the proposed offshore Kupe development, rather than toll the gas through existing onshore facilities.

The option of constructing new facilities was compared with proposals to toll the gas through existing onshore facilities owned by third parties, including NGC's Kapuni production station, which would have required modifications and substantial additions. The Kupe Joint Venture has completed a thorough evaluation of all technical and commercial factors including costs and project risks for both alternatives and has determined that on balance the most appropriate way forward is a new production station.

The Kupe Joint Venture proposes to extract natural gas, LPG and light oil from the Kupe field situated approximately 30km offshore south of New Zealand's Taranaki Peninsula, in Petroleum Mining Licence 38146 (PML 38146).

The proposed site for the new onshore production station is west of Hawera at the southern end of Inaha Road. The production station will be designed to process at least 70 TJ/d of natural gas.

The Kupe Joint Venture's application for resource consents will be considered by the South Taranaki District Council at a hearing on April 4 2005 and by the Taranaki Regional Council in mid April 2005.

Front end engineering and design (FEED) work associated with the onshore and offshore elements are now well advanced and the Joint Venture is scheduled to make its formal project sanction decision in the fourth quarter of 2005. Subject to an affirmative decision to proceed at that time and appropriate approvals being achieved, construction of a new production station is expected to take approximately two years, with first gas, oil and LPG deliveries in the second half of 2007.

### Participants are:

New Zealand Oil & Gas Limited (via subsidiaries)	15%
Origin Energy Resources (Kupe) Limited*	50% (Operator)
Genesis Energy	31%
Mitsui E&P (New Zealand) Limited	4%

(\*a wholly owned subsidiary of Origin Energy Limited)

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### FOR FURTHER INFORMATION PLEASE CONTACT:

Tony Radford or

Brian Roulston

Telephone: (04) 495 2424      Toll free 0800 000 594

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