news release

7 June 2005

PEP 38478 MANGATOA PERMIT

New Zealand Oil & Gas Limited advises that the Ministry of Economic Development has allowed a short window within which a commitment may be made to drill a well within this permit area, or a decision taken to relinquish the licence. Unless this time is further extended, without a drilling commitment being made, the MED can be expected to seek to follow a set procedure to have the permit cancelled. During the initial stage of this procedure the opportunity will remain for a drilling commitment to be made and the permit maintained in force. There are currently three substantial parties actively considering involvement in drilling of the Mangatoa prospect and outcomes are likely to be known within two or three weeks.

Although it has its risks, Mangatoa is a large prospect and the present gas shortage in the country makes it more imperative to test and evaluate such prospects sooner rather than later, in order to determine how new supplies for power generation will be found.

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NZOG stock symbols: NZX shares - NOG options - NOGOC
ASX shares - NZO options - NZOOA