



10 June 2005

APPLICATION LODGED FOR TUI OIL PRODUCTION PERMIT

New Zealand Oil & Gas Limited advises that a petroleum mining permit ("PMP") application has been lodged on 9 June 2005 with the Ministry of Economic Development for the development of the Tui Oil Area Fields within PEP38460.

The PEP38460 joint venture, in which NZOG holds a 12.5% equity, has also signed up with Diamond Drilling Co to use the semi-submersible rig Ocean Patriot to drill the four production wells next year. This action has been taken ahead of the final investment decision because of the tight market for available rigs.

The venture has also secured an option to drill another three wells using the Ocean Patriot. It is likely that at least two wells will drill into Kapuni F Sand structures which lie close to the Tui development.

Contractor proposals for a floating storage and offloading ("FPSO") facility for the Tui fields will be evaluated by the venture operator next month. Engineering work is on schedule and capital costs are being refined to a tolerance of 15%. While not yet finalised, total costs are likely to be above the US\$120-150m prior estimates, which reflect heavy demand for products and services in the industry.

Initial rates of oil production are expected to be 30,000+ barrels per day, which should result in rapid payback of the investment.

FOR FURTHER INFORMATION PLEASE CONTACT:

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