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Kupe Drilling Contract Awarded; Onshore Bids Received for Kupe Gas Project

ENSCO Oceanics International has won the contract to drill three development wells in the Kupe gas and condensate field and bids have been received for the construction of the production station, as momentum builds on the Kupe Gas Project.

According to operator, Origin Energy, the drilling program will commence in the first half of 2007 and extend for approximately six months. The ENSCO contract includes options to drill up to three additional wells either on Kupe or elsewhere, as well as cancellation provisions in the event the project does not proceed.

The drilling rig, the ENSCO 107, was recently launched and commissioned in Singapore. It will complete three projects in South East Asia, before mobilising to New Zealand in the first quarter of 2007.

The operator stated, "The award of the drilling contract is a key project milestone. We're pleased to have secured a first-class rig that will be well tested in the region prior to its arrival in New Zealand".

Meanwhile, bids for the onshore component – which includes construction of the production station and associated pipelines - have been received and are under going evaluation.

The operator stated, "The level of interest shown in the onshore component from international contractors is also very promising". A revised development budget will now be completed.

The Kupe Gas Project is on track for the Joint Venture to make the Final Investment Decision in first half of 2006. Once approved it is expected that commercial gas and liquids production will commence during 2008.

Participants are:

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

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NZOG stock symbols: NZX shares - NZO options - NZOOD
ASX shares - NZO options - NZOO