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TUI AREA OIL DEVELOPMENT – DEBT FINANCING COMPLETE

New Zealand Oil & Gas Ltd has today entered into a US\$37.5 million financing agreement with the New Zealand branch of Commonwealth Bank of Australia to fund NZOG's investment in the Tui Area oil fields development.

The financing arrangement follows the decision of all partners in the Tui venture in November last year, to proceed with the development of the fields. The Commonwealth Bank finance facility will allow NZOG to replenish the US\$19.2 million already outlaid by it on capital items and contract deposits.

NZOG has also secured a minimum oil price of US\$50/barrel for 448,000 barrels of early production through purchase of "put" options.

Executive Chairman Tony Radford said "Tui is expected to generate a strong cash stream for NZOG once production commences in the first half of next year, with initial flow rates from the fields expected to be around 50,000 barrels a day (NZOG's share, in excess of 6,000 barrels/day)."

General Manager Gordon Ward said "Our development efforts are now focussed on the upcoming initial public offering for Pike River Coal and reaching a final investment decision for the Kupe gas and oil development."

Mr Radford added "The drilling of the Hector prospect, together with two satellite prospects within the Tui petroleum mining permit, are natural follow-ons to Tui, with potential to add to NZOG's oil reserves."

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ASX:shares - NZO Options - NZOO