



24 August 2006

NEW SEISMIC SURVEY COMMENCES

New Zealand Oil & Gas has commenced its planned seismic survey programme over the near-shore area within PEP 38729, which is located in the northern Taranaki Basin.

The seismic data from this survey will provide a critical link between previously acquired onshore and offshore seismic lines to improve the structural definition of the Felix and Opito-Updip prospects, which is expected to result in the identification of a suitable drilling location.

The onshore and offshore seismic shots are being recorded on an 8 km long live receiver spread that spans the gap between existing onshore and offshore seismic lines (refer to attached map).

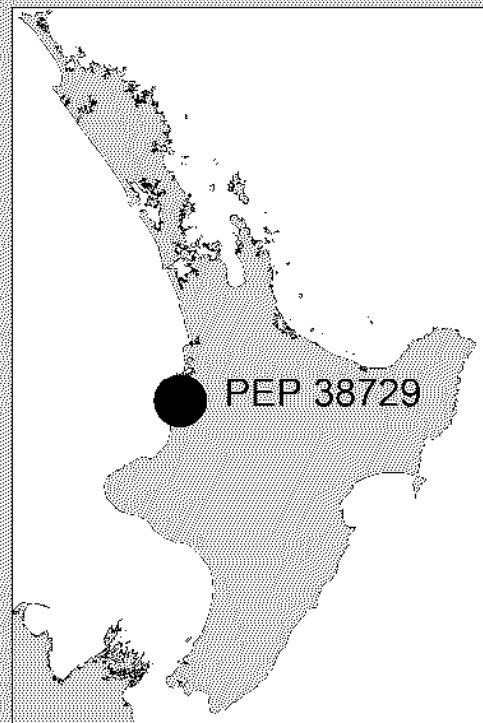
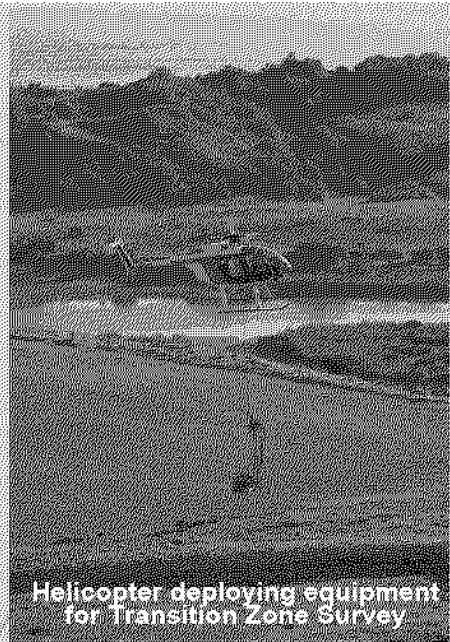
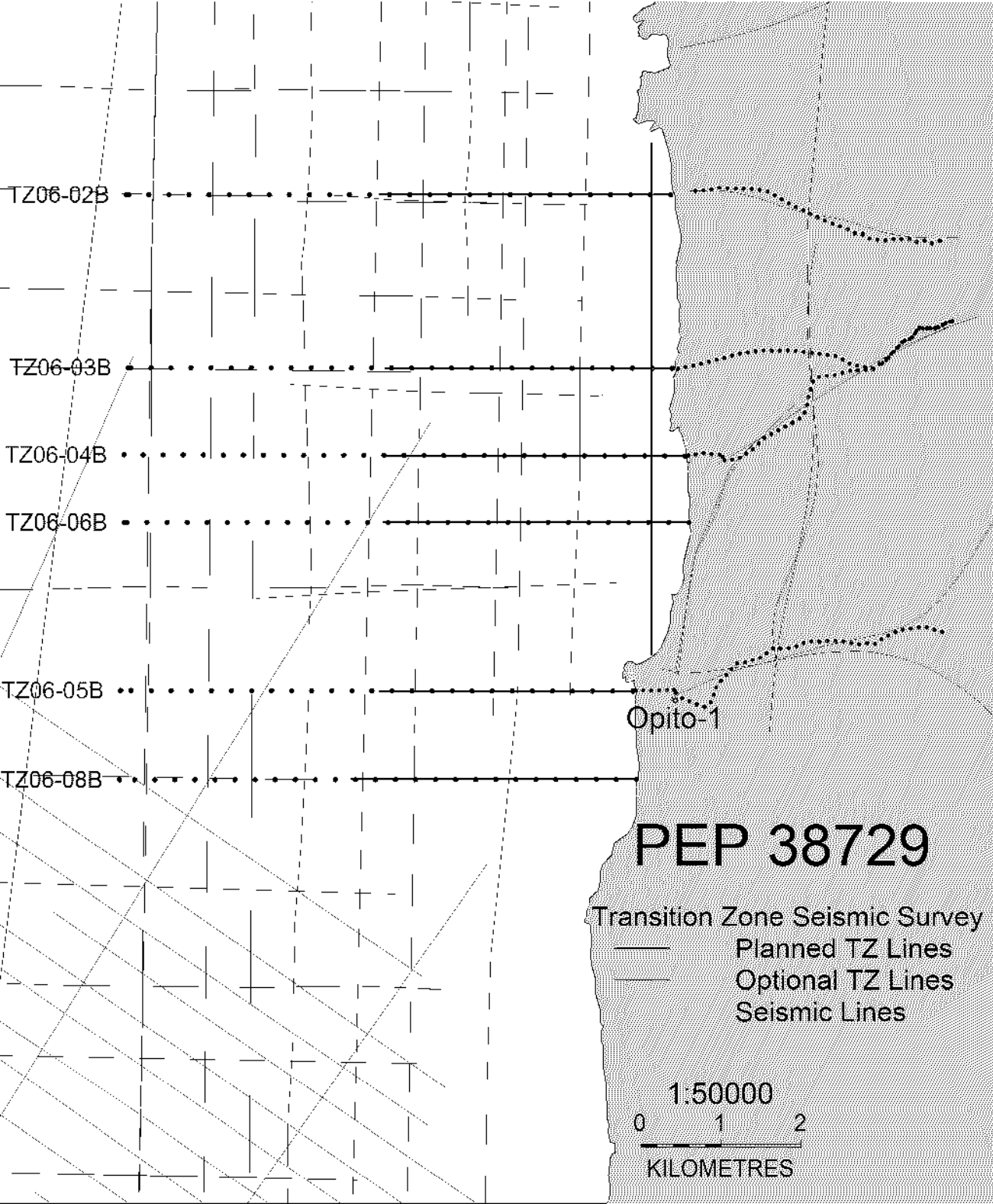
The acquisition geometry is tailored to "undershoot" the basement overthrust, in order to better illuminate the Eocene Kapuni Group sandstone reservoirs that were intensely deformed in the Oligocene/Early Miocene convergence of the Pacific and Australian tectonic plates. Sands of the Kapuni Group formed highly prolific hydrocarbon reservoirs, as evidenced by the offshore Maui, Pohukura, and Tui fields.

Processing and integration of the new seismic data is likely to be completed around December 2006, following which a decision to drill an exploration well will be made in early 2007.

FOR FURTHER INFORMATION PLEASE CONTACT:

Tony Radford or Gordon Ward
Telephone: (04) 495 2424 Toll free 0800 000 594

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



PEP 38729

Transition Zone Seismic Survey

- Planned TZ Lines
- - - Optional TZ Lines
- · · Seismic Lines

