



5 December 2006

NZOG'S TIEKE-1 DRILLING UPDATE

New Zealand Oil & Gas Ltd ("NZOG") reports that at 0600 hours today, the Tieke-1 well was drilling ahead towards the main target zone. During the week, 13-3/8" casing was cemented and 12-1/4" hole was drilled from 1,495 metres to a present depth of 3,225 metres. Progress for the week was 1,730 metres.

Tieke-1 is located in PMP 38158, 40 km off the west coast of New Zealand's North Island and approximately 8 km from the Tui oil field (see figure 1). The well is being drilled to a planned total depth of 3,600 metres, in a water depth of 122 metres. The Tieke-1 well should reach the primary target zone within the next few days.

Following completion of operations at Tieke-1, the offshore drilling rig will commence the development drilling activities on the adjacent Tui Area Development.

Participants in Tieke-1 and PMP 38158 are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Limited)	12.5%
AWE New Zealand Pty Limited ("AWE")	20.0%
New Zealand Overseas Petroleum Pty Ltd ("AWE")	22.5%
Mitsui E & P New Zealand Limited	35.0%
Pan Pacific Petroleum Ltd (through its subsidiary WM Petroleum Ltd)	10.0%

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

Tui Area Development PMP 38158

