

4 December 2009

Kupe First Gas

NZOG (New Zealand Oil & Gas Ltd) is pleased to report that the wells have been opened this afternoon and the first gas and liquids are being piped ashore from the offshore Kupe field to the processing plant near Hawera.

The Kupe field, 30km off the south Taranaki coast, was discovered by NZOG in 1986. During the era of cheap Maui gas and low oil prices it was uneconomic to develop Kupe. The investment decision was finally made in 2006, with Origin Energy as operator (and 50% owner). The other joint venture parties are NZOG (15%), Genesis Energy (31%) and Mitsui (4%).

With the raw gas stream now flowing to shore, the Kupe production system is being bedded down through a commissioning period. There will be production of sales gas, LPG and light oil during the commission period with full steady state production expected to be achieved in the next couple of months.

Over the life of the project, Kupe is expected to provide approximately 254 petajoules of natural gas, 1.1 million tonnes of LPG and 14.7 million barrels of light oil.

Kupe will supply 10 to 15 per cent of New Zealand's annual gas demand and around half of the country's LPG requirements.

NZOG Chief Executive David Salisbury says after 23 years NZOG and its shareholders are about to be rewarded for their perseverance.

"Kupe will provide NZOG with long-term income from three revenue streams – gas, light oil and LPG. It gives us the solid base that provides the platform for further growth of the company".

More information on Kupe can be found at www.nzog.com/kupe

Participants in the Kupe Project are:

Origin Energy Resources Kupe Limited (Operator)	50%
Genesis Energy (through wholly owned subsidiaries)	31%
New Zealand Oil & Gas Limited (through wholly owned subsidiaries)	15%
Mitsui E&P Australia Pty Ltd	4%

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NZOG stock

symbols:
NZX shares – NZO
ASX shares – NZO