

11 May 2010

Tui SW-1 Exploration Well Disclosure Notice

NZOG (New Zealand Oil & Gas Ltd) advises that there has been a temporary setback to drilling of the Tui South West prospect.

The upper section of the Tui SW-1 well has been abandoned due to problems encountered with unconsolidated formation.

This morning the Kan Tan IV drilling rig has been moved approximately 35 metres and is preparing to drill a new well, Tui SW-2.

Tui SW-1 had reached a depth of 1505 metres, the intended casing point, but operations to run the 13 3/8" casing were hampered by deteriorating hole conditions and the decision was taken to move to a nearby location and start again.

The need to re-drill has delayed the programme by around 10 days.

The Tui South West prospect is located in mining licence PMP 38158 in the offshore Taranaki Basin and is adjacent to the producing Tui oilfield.

The Tui SW-2 well is planned to be drilled to a total depth of approximately 3,900 metres. At the conclusion of drilling, Tui SW-2 will be cased and suspended as a possible future gas injection well.

Kahu-1, to the east of the Tui oilfield, will be drilled immediately following Tui SW-2.

Participants in Tui SW-1 and PMP 38158 are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum)	12.5%
AWE Limited (Operator)	42.5%
Mitsui E&P Australia Pty Limited	35.0%
Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	10.0%

