

news release

12 July 2013

Operator provides Kisaran update

The operator of the Kisaran Production Sharing Contract in onshore North Sumatera has received approval from the Indonesian regulator to provide the following update:

Pacific Oil & Gas (Kisaran) Ltd, the Operator of Kisaran Production Sharing Contract area, located onshore North Sumatera, said that it has successfully drilled the Parit Minyak-2 (PM-2) exploration well. The well is the second exploration well in the Parit Minyak structure and is located 1.6 km to the north of the Parit Minyak-1 discovery well. The objective of this well was to test upper and middle Pematang Formation reservoirs in order to bring this field into the development phase.

PM-2 spudded on February 11, 2013 and reached a total depth of 9225 feet MD (9165 feet SS) on April 10, 2013. During drilling several oil shows were noted within Eocene/Oligocene Pematang sandstones within a gross interval of 7500-8900 feet. The base of the oil column was not reached at the cessation of drilling.

Cased hole drill stem tests (DSTs) were conducted over four intervals, each containing multiple sandstones. From the interval 8136-8330 feet the well flowed 37° API oil at rates in the range of 200-400 BOPD (32/64" choke, 80-100 psi flowing well head pressure) with no water.

A hydraulic fracture program has been prepared to stimulate one of the DST intervals in order to test increasing the productivity of the reservoir. This programme is scheduled for late August 2013.

The drilling rig will now be moved to the site of the next Kisaran exploration well, Parit Minyak-3, which is estimated to spud mid-July 2013.

New Zealand Oil & Gas Ltd has a 22.5% stake in the joint venture through the share ownership of its subsidiary NZOG Asia Pty Ltd in Pacific Oil & Gas (North Sumatera) Ltd. The Kisaran Joint Venture partners are Pacific Oil & Gas (Kisaran) Ltd (55 per cent and operator) and Pacific Oil & Gas (Sumatera) Inc (22.5 per cent).

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NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO