Market Release

11 October 2010

# Pateke well resumes production

NZOG (New Zealand Oil & Gas Ltd) is pleased to announce the resumption of oil production from the Pateke-3H well, located in the offshore Taranaki Basin.

One of four producing wells at the Tui area oil fields, the Pateke-3H well had problems with its artificial lift system, and the well has been shut-in since late June 2010.

A workover of the well has now been successfully completed and the Kan Tan IV rig, which has been onsite since late August, will be released shortly.

Final costs for the Pateke-3H workover have not yet been compiled, but the current estimate for this extensive work is approximately US$46 million; NZOG's share US$5.75m. The programme was heavily impacted by severe weather conditions in the Taranaki basin over the past 6 weeks, with around 30% of work time lost due to weather.

The Tui area oil fields have produced solid results over the last quarter (July-September), with average oil production rates of approximately 7,000 bopd (barrels of oil per day). The restart of the Pateke-3H well is expected to increase the oil production rate in the December quarter.

**Participants in the Tui area oil fields are:**

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| 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% |

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**NZOG stock symbols:**
NZX shares – NZO
ASX shares – NZO