

14 December 2011

NZOG secures Tunisia investment

NZOG (New Zealand Oil & Gas Ltd) is pleased to announce that it has executed an agreement to take a 40% stake in a Tunisian concession that contains an oil field which could be brought into production as early as 2014.

The Cosmos Concession in the Gulf of Hammamet, offshore Tunisia, contains the Cosmos South oil discovery. The concession was held by a joint venture comprising Storm Ventures International (80% and Operator) and Tunisia's state-owned oil company L'Entreprise Tunisienne d'Activites Petrolieres (ETAP) (20%).

Storm is a wholly owned subsidiary of Toronto exchange-listed Chinook Energy Inc, and will reduce its share of the concession to 40% under the farm-in agreement.

A formal signing of the agreement by NZOG and Storm has been completed in Tunis.

Under the terms of the farm-in agreement, NZOG is paying a US\$3m contribution to past costs, securing the right to participate and earn an interest in the development of the Cosmos concession.

A development plan is in preparation. If the development is approved through a Final Investment Decision (FID), NZOG will pay the first US\$19m of Storm's share of the development costs.

Independently evaluated proved and probable oil reserves of 6.3 million barrels have been attributed to the Cosmos South block, with additional potential from adjacent lobes. Further work on assessing the recoverable oil resource will take place ahead of FID.

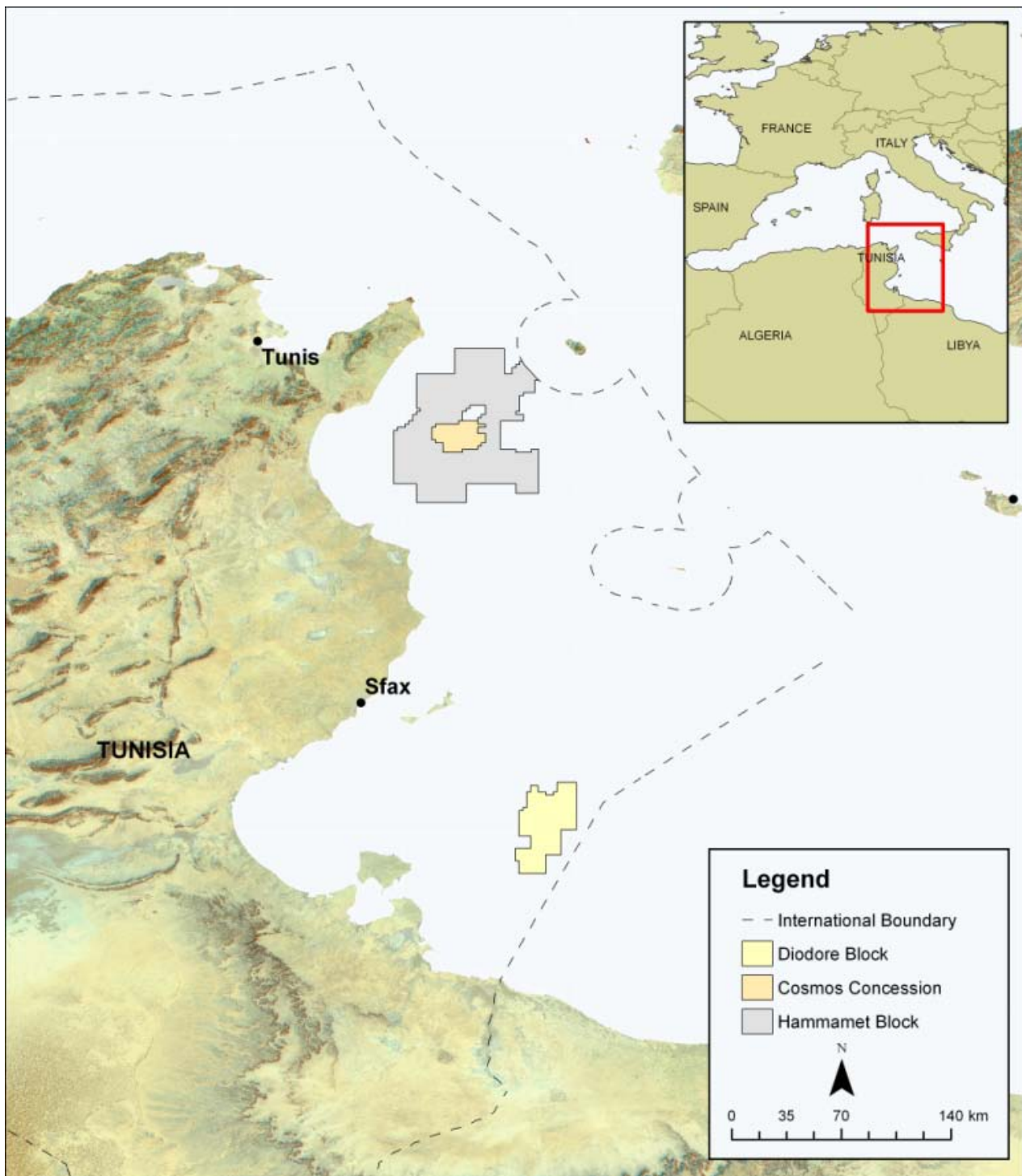
The development plan is currently based on three wells, a small platform and a floating production and storage offtake vessel ("FPSO"), with initial production rates of 15,000-20,000 barrels of oil per day.

The partners intend to decide on FID in mid-2012. If the project proceeds, first oil production is anticipated in mid-2014.

NZOG CEO Andrew Knight says Cosmos is a good fit for NZOG.

"NZOG's initial cost exposure is relatively small. If the numbers stack up we will commit to the Final Investment Decision and will be able to comfortably fund the capital commitment from our balance sheet. This is a near term, low risk development opportunity, with both production upside and exploration potential.

"This is a promising step forward in the expansion of our overseas interests."



The Cosmos concession is located approximately 45 km offshore north-eastern Tunisia in the Gulf of Hammamet. The Cosmos South discovery was made in 1983, with a smaller adjacent discovery made in 1985. There has been no further drilling since that time although other exploration leads in the concession area have been identified by seismic surveys. The water depth at the Cosmos South location is approximately 120 metres and the discovery is at a depth of ca. 1,500 metres.

NZOG has established a one person office in Tunis and in June this year was granted a prospecting permit over the Diodore block in the Gulf of Gabes. A seismic survey is scheduled to start at Diodore at the end of December.