Market Release

10 July 2012

Increase in Kupe Reserves

NZOG (New Zealand Oil & Gas Ltd) is pleased to announce a significant increase in the proved and probable (2P) reserves in the Kupe gas and oil field.

As previously announced to the market on 27 June 2012, the Operator, Origin Energy, has completed a detailed reserves review integrating petrophysical, fluid sample and well test information with full field static and dynamic reservoir models.

The Kupe joint venture partners have now concluded their independent assessments of the Operator's review and reached agreement on the revised reserves.

The initial 2P reserves (the best estimate of total reserves recoverable from the field) have been further increased by 13.4%. Added to the reserves increase announced in July 2010, Kupe ultimate recoverable 2P reserves are now 25.8% greater than the pre-production estimate.

Under the latest review, initial 2P sales gas reserves are estimated to have increased by a further 18.3% and LPG reserves by a further 22.8%. Light oil (condensate) reserves, which were increased by 27% in 2010, have been reduced by 1.8%, leaving the reserves 25% above the pre-production reserves.

As at 1 July 2012, the 2P Ultimate Recoverable Reserves are:

Initial 2P Reserves	**2010 Review**	**2012 Review**	**Reserves Change**	**% Change**
Sales Gas (PJ): NZOG share:	**273** *40.9*	**323** *48.4*	**50** *7.5*	**+18.3%**
LPG (kilotonnes): NZOG share:	**1114** *167*	**1368** *205*	**255** *38*	**+22.8%**
Light Oil (mmbbls): NZOG share	**18.6** *2.8*	**18.3** *2.75*	**(0.3)** *(0.05)*	**-1.8%**
Petajoule equivalent:	**431** *64.7*	**489** *73.4*	**+58** *+8.7*	**+13.4%**

To date Kupe has produced approximately 46.3 PJ of sales gas, 190 kilotonnes of LPG and 4.7 million barrels of light oil (81 PJe).

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

NZOG Chief Executive Andrew Knight says the reserves review is very good news.

“Such a substantial increase in NZOG’s Kupe reserves is a very pleasing result. We are evaluating market opportunities for accelerating production of the additional gas, and will make a further statement on those as and when we are in a position to do so.”

ENDS

Background information

The Kupe gas and oil field lies 30km off the south Taranaki coast. Through an onshore production station near Hawera it has been producing natural gas, LPG and light oil since the wells were opened in early December 2009. Following a commissioning period, permanent production commenced in March 2010. The project was developed for a total cost of approximately $1.3 billion.

Kupe participants are:

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

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