

26 October 2012

Drilling to begin soon at Kisaran

Drill site construction is underway and a drilling rig tender awarded for the first of NZOG's two committed exploration wells, Parit Minyak-2 (PM-2), located in onshore Sumatra, Indonesia.

New Zealand Oil & Gas Ltd has a 22.5% stake in the joint venture after farming into the Kisaran production sharing contract in December 2011 through its subsidiary NZOG Asia Pty Ltd.

The Kisaran Joint Venture partners are Pacific Oil & Gas (55% and operator) and Bukit Energy (22.5%).

The Kisaran block is located in the Barumun trough in the northern part of the Central Sumatra Basin – the most prolific oil producing basin in South East Asia.

The PM-2 well will appraise an undeveloped oil discovery made in 2003, and explore additional zones that were not present in that well.

Chief executive Andrew Knight says the well will be the first NZOG has drilled for more than two years, and the first outside New Zealand.

“Activity is stepping up as a result of NZOG's ongoing efforts to build a diversified and sustainable exploration portfolio.

“While New Zealand will always be a core focus for NZOG, we are also putting effort into opportunities in Indonesia and Tunisia to broaden our exploration portfolio and risk profile.”

NZOG expects drilling to begin in December or sooner. An announcement will be made when the well spuds. A second well, PM-3, is expected to spud early in the new year, immediately following the conclusion of the PM-2 drilling.

In May, New Zealand Oil & Gas Ltd and its partners were announced as winning bidders for a Production Sharing Contract (PSC) over another promising exploration block (Bohorok) in onshore northern Sumatra.

NZOG's annual meeting will be next Tuesday, 30 October at 9.30AM.

Attached: Map of Kisaran

