

news release

16 January 2014

Matuku update

New Zealand Oil & Gas believes its share price has been affected by the previously released news that the primary target zone in the Matuku well in PEP 51906 offshore Taranaki has not encountered significant oil or gas shows.

The well is currently at a depth of 4307 metres and drilling ahead to a total depth of 4750 metres.

Until drilling is complete and testing analysed, geologists have not formed a complete view about the well or the implications for the play type in the Kahurangi trough, which was thought to be a source kitchen for a success case at Matuku.

No new information has come to hand that materially adds to information released on Tuesday, 14 January, when the company confirmed that Kapuni Group Farewell F Sands were found to be porous, but there were no significant gas or oil shows.

Chief Executive Andrew Knight says a negative result in any well is always much more likely than a positive result.

“Most wells will not make commercial discoveries of oil and gas. Our company explores a portfolio of prospects in order to balance the investment risks around individual wells. In the near future, New Zealand Oil & Gas is involved in drilling in the Tui permit at Pateke and Oi, and next summer in the Kaheru prospect off South Taranaki.”

The Kan Tan IV began drilling operations on Saturday, 30 November. Matuku-1 is in 130 meters of water.

Participants in PEP 51906 are OMV New Zealand (Operator) 65 per cent; Octanex 22.5 per cent; and New Zealand Oil & Gas 12.5 per cent. If Matuku-1 is successful, either New Zealand Oil & Gas or Octanex may exercise an option for New Zealand Oil & Gas to acquire a further 5 per cent of Octanex's share, which would equalise each company's interest at 17.5 per cent.

For further information please contact:

John Pagani, External Relations Manager, DDI: +64 4 471 8333, MOB: +64 21 570 872
Andrew Knight, CEO, PH: +64 4 495 2424, TOLL FREE: 0800 000 594 (NZ)

NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO