

news release

6 May 2014

Pateke-4H drilling update

At 06:00 this morning (NZST) the Pateke-4H well offshore Taranaki, New Zealand, was at a total measured depth of 4,772 metres, including a 749 metre horizontal section through the reservoir.

The total depth was revised from the original 5,381 metre target due to the high quality of the reservoir encountered and to ensure a stable well bore was achieved for effective completion and production.

Installation of a 6 5/8 inch slotted production liner has been completed and operations are currently setting the liner hanger.

Preparations are being made to run the completion and suspend the well to enable production in the first quarter of 2015 following the installation of sub-sea flowline infrastructure and tie-back to the Tui FPSO, Umuroa. These activities are expected to take about 10 days. The well will then be suspended and the rig will move to the Oi-1 location. On current planning Oi-1 is expected to spud during the last week of May.

The oil-bearing properties of the Kapuni F10 reservoir are positive. Further analysis is required to determine the expected recovery from Pateke-4H, but initial evaluation is consistent with the pre-drill 2C resource estimate of 2.5 million barrels (687,500 barrels net to New Zealand Oil & Gas).

Based on the significant additional work required to mitigate the mechanical difficulties and drill the two sidetracks, costs have increased beyond the pre-drilling estimate, and the total project cost to New Zealand Oil & Gas (including the costs of tie back) is currently expected to be in the range of US\$40-46 million. This estimate will be updated when more certainty exists around subsea installation costs.

New Zealand Oil & Gas has a 27.5 per cent interest in Tui.

The other Tui joint venture partners are:

AWE Limited (via subsidiaries) (Operator)	57.5%
Pan Pacific Petroleum (via subsidiaries)	15.0%

Resources have been evaluated using a deterministic black oil simulation. This statement has been compiled by New Zealand Oil & Gas Vice President of Operations and Engineering Andrew Jefferies B Eng (Mech Hons), Msc Pet. Eng., MBA, a Society of Petroleum

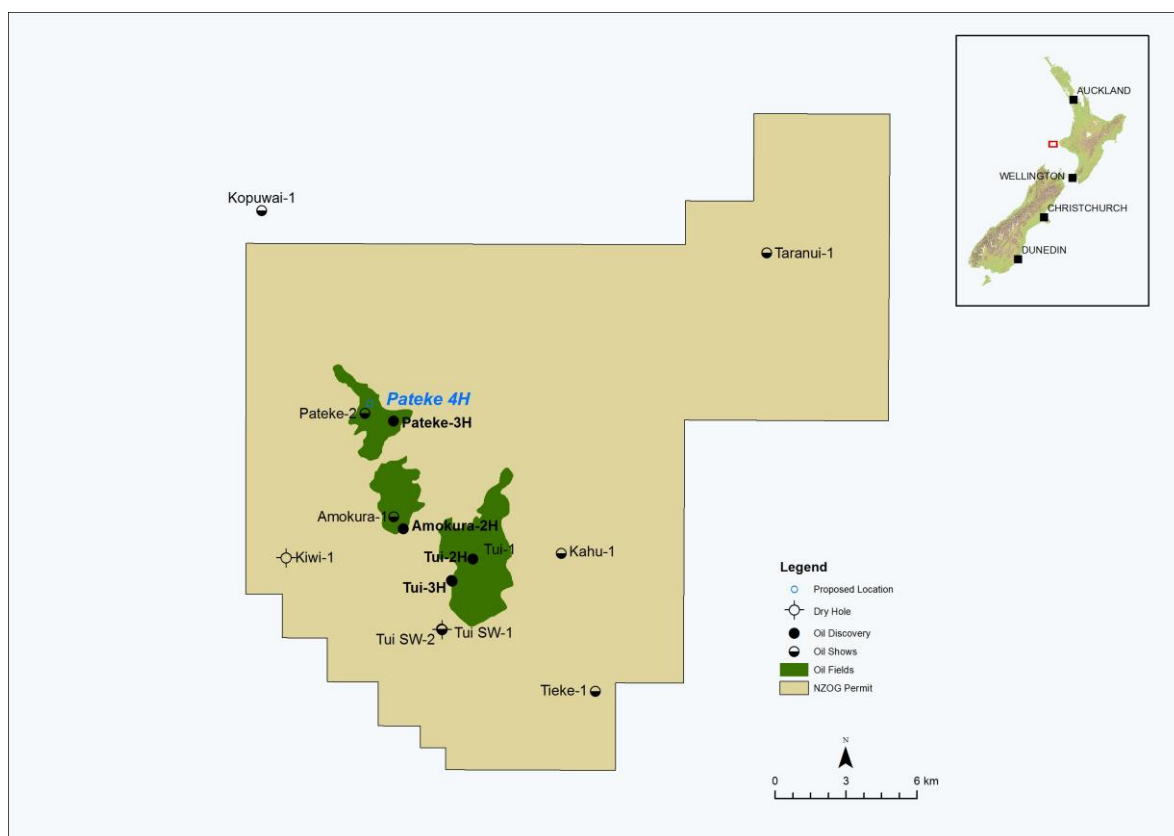
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NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO

Engineers Certified Petroleum Engineer with over 23 years of industry experience, and accurately reflects the most current information supplied by the joint venture operator.



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