



9 July 2009

NZOG to join Hoki drilling

New Zealand Oil & Gas Ltd (NZOG) has agreed to acquire a 10% stake in Petroleum Exploration Permit 38401, which lies in the offshore Taranaki Basin, approximately 150km northwest of New Plymouth.

PEP 38401 contains the large Hoki oil prospect, which is scheduled to be drilled by the semi-submersible drilling rig Kan Tan IV later this year.

NZOG is acquiring its 10% stake in the permit from OMV. The terms of the agreement are confidential but NZOG's financial commitment including the drilling of the exploration well will be approximately \$10 million.

Subject to partner and ministerial approval, the new participating interests will be:

AWE New Zealand Pty Ltd (Operator)	50%
OMV New Zealand Ltd	21.25%
Todd Petroleum Mining Company Ltd	18.75%
New Zealand Oil & Gas Ltd	10%

Hoki is the largest untested prospect in the western margin of the Taranaki basin. The Hoki-1 well will test both the primary Island Sandstone reservoir and a secondary target in the North Cape formation.

Chief Executive David Salisbury said NZOG had been talking for some time with OMV about acquiring a stake in the permit.

"I am very pleased that we have been able to reach a commercial arrangement to the satisfaction of both parties. While exploration is always risky, NZOG's internal assessment is that Hoki has the potential to be a large oil-bearing reservoir. An additional attraction is that the prospect is "drill mature" and that drilling arrangements are already in place. PEP 38401 is a very welcome addition to our current exploration portfolio."

David Salisbury said NZOG will now be involved in the drilling of at least three wells over spring/early summer.

"Following the drilling of Hoki, the Kan Tan IV will move to the Tui permit area, where it will drill at least two prospects close to the existing Tui oil fields."

NZOG now has interests in five permits in the Taranaki Basin and one in the Canterbury Basin.

ENDS

Attached: NZOG permit maps

FOR FURTHER INFORMATION PLEASE CONTACT:

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

