

7 December 2009

Drilling underway at Albacore

NZOG (New Zealand Oil & Gas Ltd) advises that the ENSCO-107 jack-up rig has commenced drilling at Albacore.

The Albacore-1 exploration well was spudded at 14:00 hours on Saturday 5 December.

As at 06:00 today, the 20" casing had been cemented and the well had been drilled ahead to a depth of 419 metres MDRT*.

The well lies within petroleum exploration permit 38491, about 70kms north of New Plymouth in the offshore Taranaki basin.

The spudding of the Albacore-1 well followed the completion of pre-drilling preparations, the delivery and assembly of drill pipe and other items, and the reinstatement of a tensioner deck that had been removed by the previous users of the rig.

The Albacore-1 well is expected to take around 20 days to drill. The water depth is 95 metres, and the total drilling depth is likely to be around 2200 metres. NZOG intends to provide weekly drilling reports to the NZX and ASX.

The well will examine several structural features defined by recent 3D seismic data – a Pliocene Fan, two Mangaa sands, and the underlying Volcaniclastics.

At the end of the drilling, the well will be plugged and abandoned and the results analysed.

**MDRT – measured depth from rotary table.*

Participants in the Albacore permit are:

Westech (Operator)	50%
New Zealand Oil & Gas Ltd (through its subsidiary NZOG Offshore Ltd)	40%
Mighty River Power Gas Investments	10%

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NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO