



19 March 2008

TEN MILLION BARRELS OF TUI OIL

Another production milestone is about to be reached by the highly successful Tui oilfields off the coast of Taranaki.

New Zealand Oil and Gas Ltd (NZOG) is the New Zealand-based partner in the Tui Area Oil Fields, with a 12.5% stake.

This morning total production to date had reached 9.93 million barrels and the 10 millionth barrel of Tui oil is expected to flow tomorrow or Friday. The production milestone comes less than eight months after production began on 30 July last year.

The field performance has continued to be better than forecast, with production in February averaging 44,000 barrels of oil per day. Associated water is being produced from the field, but this continues to be at lower rates than expected from original field simulation models, allowing the high oil production rate to continue for longer than anticipated.

Since the start of production a total of 30 shipments of crude oil have been lifted, with the 31st lifting scheduled for today. The oil is sold into the east coast of Australia or southeast Asia and is typically sold against the Tapis benchmark, which is currently over US\$110 a barrel.

The strong field performance since the start of production has led to a further upwards revision of Tui's oil production target for the year to 30 June 2008, to 13 million barrels. NZOG's share is over 1.6 million barrels.

The pre-production forecast for the 2007/08 year was less than 10 million barrels; with NZOG's share around 1.2 million barrels.

Tui's proved and probable (2P) reserves were revised upwards by approximately 50% in November 2007 to 41.7 million barrels. Based on the continued performance of the reservoirs, the operator AWE is initiating a further reserves review to match field performance against actual and expected production. This is expected to be completed by the end of June 2008.

NZOG Chief Executive David Salisbury said Tui continues to deliver good news. "The combination of record international oil prices, outstanding production performance and a 50% increase in reserves, has made Tui an extremely profitable investment".

Tui is New Zealand's largest oil producer and has helped set new export records for the country since production began.

ENDS

media release

Participants in Tui Area Oil Fields are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Co. Ltd)	12.5%
AWE * (Operator)	42.5%
Mitsui E & P Australia Pty Ltd	35.0%
Pan Pacific Petroleum NL (through its subsidiary WM Petroleum Ltd)	10.0%

* New Zealand Overseas Petroleum Pty Ltd (22.5%)
AWE New Zealand Pty Limited (20.0%)

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NZOG stock symbols: NZX shares - NZO options - NZOOD
ASX shares - NZO options – NZOO