



21 August 2007

NZOG'S TARANUI-1 STARTS DRILLING

New Zealand Oil & Gas Ltd ("NZOG") reports that at 0600 hours today, the Taranui-1 well was cementing 30" casing at a depth of 227 metres, after starting drilling operations at 0630 hours on August 20, 2007.

During the week, the *Ocean Patriot* moved from the Hector-1 well site to the Taranui-1 location.

The Taranui prospect is located in PMP 38158, approximately 15 kilometres north east of the Tui Area Oil Project. Taranui -1 is being drilled in a water depth of 121 metres and is estimated by NZOG to contain between 5 and 15 million barrels of recoverable oil, if successful. The well has a planned total depth of approximately 3,900 metres.

ENDS

Participants in PMP 38158 are:

New Zealand Oil & Gas Ltd (through its subsidiary Stewart Petroleum Co. Ltd)	12.5%
AWE * (Operator)	42.5%
Mitsui E & P New Zealand 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%)

FOR FURTHER INFORMATION PLEASE CONTACT:

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

drilling report