



12 June 2009

Kupe Project Update

New Zealand Oil & Gas Ltd (NZOG) has been advised by the Operator of the Kupe project, Origin Energy, of an update to the project schedule.

Origin Energy has advised that the first raw gas from the Kupe field, which lies off the coast of south Taranaki, will be brought ashore in the fourth quarter of calendar year 2009. This will effectively signal the commencement of production.

Origin's Executive General Manager, Major Development Projects, Andrew Stock said "Construction of the offshore facilities wells, wellhead platform, pipeline and controls umbilical is complete, and the overall project including the Production Station near Hawera is nearing completion, with testing and pre-commissioning occurring later than planned.

"Capital costs for the Kupe project remain in line with previous expectations."

Some of the facilities are already active as part of the current pre-commissioning and the balance of facilities will be progressively readied and commissioned over the coming months.

NZOG Chief Executive David Salisbury said "We had previously presumed three calendar quarters of Kupe production in the 2009/10 financial year. Although production rates during commissioning are difficult to predict, it is now likely that production during the December Quarter will be reduced."

Production forecasts for later years are not affected. Over the next 15 to 20 years Kupe will make a significant contribution towards meeting New Zealand's gas supply needs, providing an estimated 254 petajoules of natural gas, as well as 1.1 million tonnes of LPG and 14.7 million barrels of condensate.

It is expected that Kupe will meet approximately 15 per cent of New Zealand's current annual gas demand and 50 per cent of New Zealand's LPG demand.

ENDS

Participants in the Kupe Project are:

Origin Energy Limited (through its subsidiary Origin Energy Resources (Kupe) Limited)	50% (Operator)
Genesis Energy (through wholly owned subsidiaries)	31%
New Zealand Oil & Gas Limited (through wholly owned subsidiaries)	15%
Mitsui E&P Australia Pty Ltd	4%

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

market release