

16 March 2012

## **NZOG signs deal with AGL**

NZOG (New Zealand Oil & Gas Ltd) is pleased to advise that it has today signed a conditional agreement to purchase a 15% stake in the Kaheru permit (Petroleum Exploration Permit 52181) off the south Taranaki coast.

The agreement is with AGL Upstream Gas (MOS) Pty Ltd, a wholly owned subsidiary of AGL Energy Ltd.

AGL acquired the interest in the Kaheru permit through its corporate acquisition in 2010 of Mosaic Oil. The other partners in the permit are ROC Oil (50% and Operator), TAG Oil (20%) and L&M Energy (15%).

NZOG will pay US\$3m for AGL's stake, conditional on the joint venture making a commitment to drill a well (and on joint venture and Crown approval of the transfer of ownership from AGL to NZOG).

The permit currently has a drilling commitment deadline of 18 May 2012, with a well to be drilled by 18 May 2013.

The permit lies to the east of NZOG's Kupe gas and oil field and is on trend with the onshore Rimu and Kauri fields. The Kaheru prospect lies in 25 metres of water, and is 8 kms from shore. Figures previously released from the joint venture have estimated the mean recoverable reserves (unrisked) at 45 million barrels (mmbbls) of oil in an oil case; or 200 billion cubic feet (bcf) of gas and 7.5 mmbbls of condensate in a gas case.

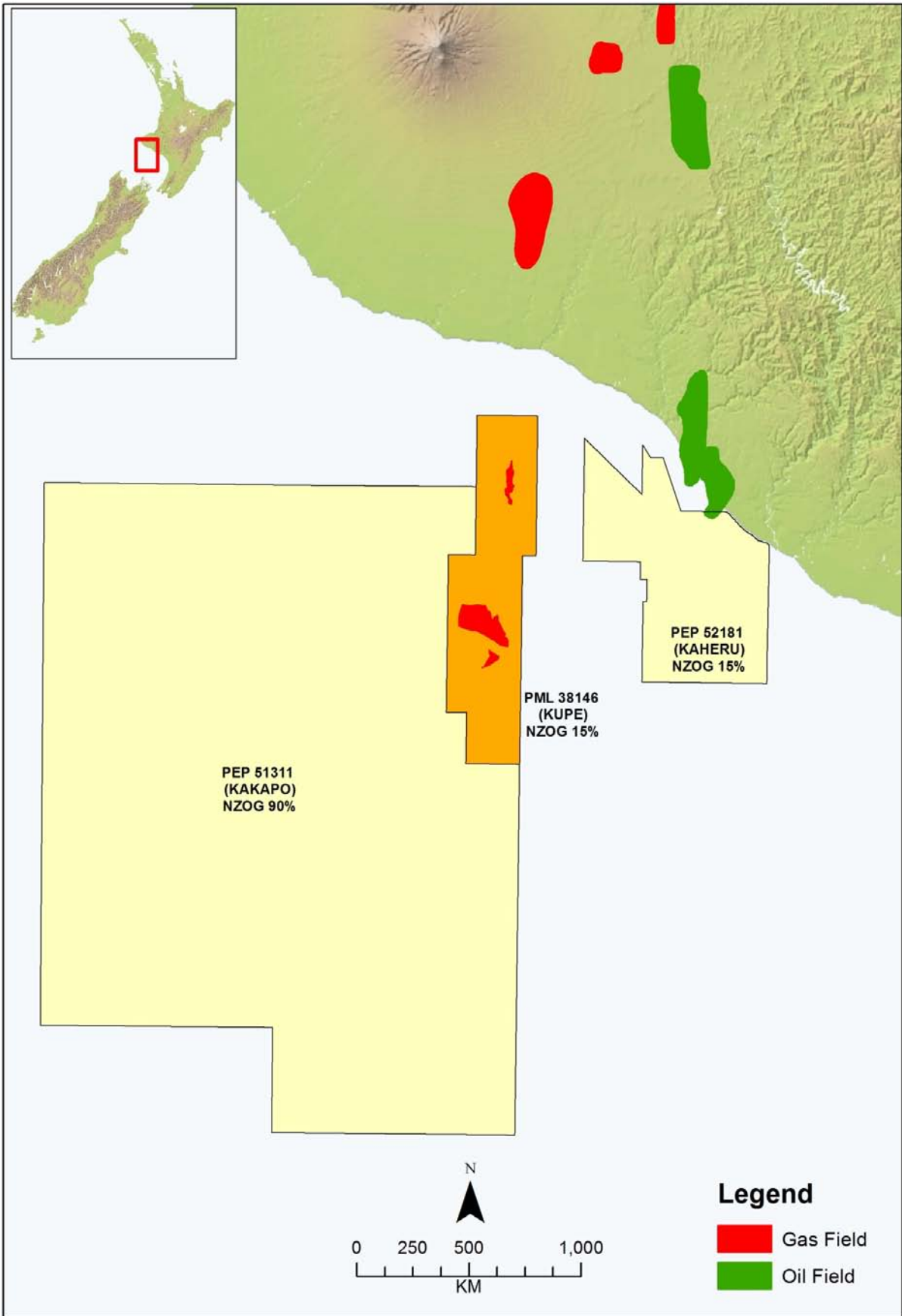
Chief Executive Andrew Knight says the agreement signed today with AGL provides a sensible way to expand NZOG's interests in its core Taranaki area.

"The Kaheru prospect is a long-recognised structure with the potential to extend the producing trend southward. 3D seismic coverage and advanced processing undertaken by the joint venture has enhanced the structural imaging.

"We have clearly stated our desire to replenish our Taranaki Basin prospect inventory, and we recognise the eastern margin of the Basin as favourable in having a reliable oil and gas charge, and multiple proven reservoir systems.

"Kaheru is a welcome addition to our exploration portfolio".

*Attachment: Permit Map*



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**NZOG stock symbols:**  
 NZX shares – NZO  
 ASX shares – NZO