

news release

16 May 2013

NZ Oil & Gas returns to Canterbury Basin

New Zealand Oil & Gas has acquired a 50 per cent interest in PEP 52717 (Clipper) from Beach Petroleum (NZ) Pty Ltd, a subsidiary of ASX-listed Beach Energy.

New Zealand Oil & Gas will become the operator of the permit, which is off the Canterbury coast.

The partners have committed to acquiring at least 600 square kilometres of 3D seismic by October next year.

The new permit restores exposure to the prospectivity of the Canterbury Basin with an established partner on ground floor terms.

The deal is subject to regulatory approval.

Beach was recently granted an extension to PEP 52717 that largely incorporates the Barque structure and a related lead. It is mapped to extend across the previous southern boundary of the permit. An area of low prospectivity in the northwest of the original PEP 52717 was surrendered so as to approximately maintain the overall area of the permit.

Extensive 2D seismic surveys were conducted in the Canterbury Basin in the 1970s and 1980s before the only existing well in the block, Clipper-1, was drilled by BP in 1984, recovering samples of hydrocarbon gas during wireline logging from a depth of over 4000m.

Today the Canterbury and Great South Basin system is the major focus for frontier conventional oil and gas exploration in New Zealand, with drilling in an adjacent permit scheduled for early next year.

Beach Energy is also a partner with New Zealand Oil & Gas in the Kaheru prospect (PEP52181), offshore South Taranaki.

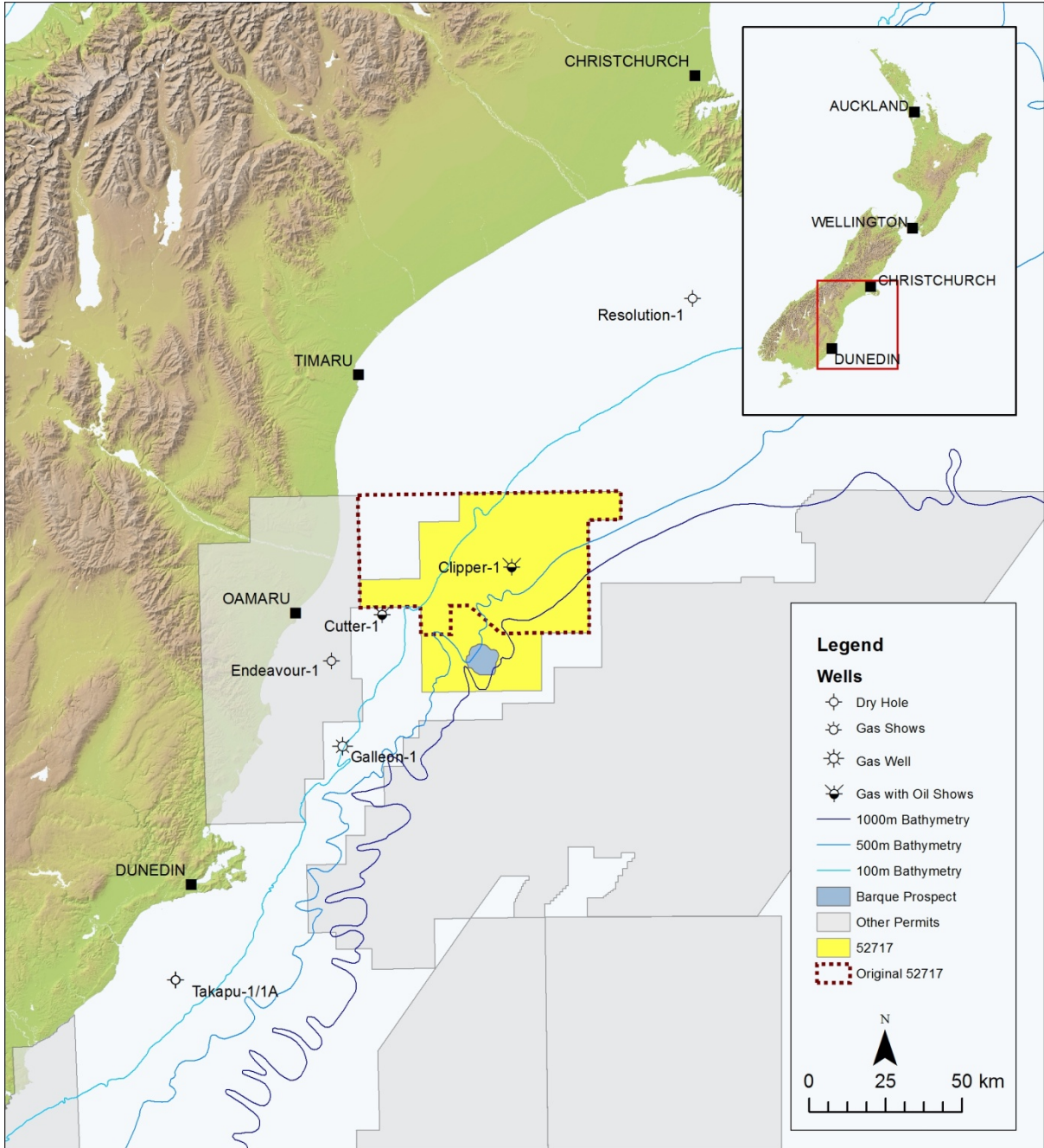
Attachment: Map.

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NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO



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