

7 January 2010



Mr Darren Collins  
Senior Adviser, Issuers (Melbourne)  
ASX Markets Supervision Pty Ltd  
ABN 26 087 780 489  
Level 45, South Tower  
525 Collins Street  
Melbourne Vic 3000  
AUSTRALIA

By email

Dear Darren

**New Zealand Oil & Gas Limited (the “Company”) Appendix 3Y – Change of Director’s Interest Notice**

We refer to your letter of 4 January 2010 and to the Appendix 3Y lodged by the Company with ASX on 18 December 2009. In the absence of the Company Secretary, who is on leave, I provide the following answers to the three questions in your letter:-

1. *Please explain why the Appendix was lodged late.*

The late notification relates only to the expiry, on 30 June 2009, of options over 1,450,000 shares which had been granted to a then executive director under the terms of the Company’s employee share ownership plan (in which directors were participants). In this instance, the particular director’s rights expired without formal prior notification to that director, with the effect that the occurrence was overlooked.

No share trading or other action was involved. The reduction in the relevant interest occurred as a matter of fact.

2. *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

The Company’s Board has approved and adopted a “Securities Trading Policy and Guidelines for Directors” (the **Policy**) to ensure the Company is able to meet its disclosure obligations under listing rule 3.19A and otherwise. The Policy is published on the Company’s website at [www.nzog.com](http://www.nzog.com).

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The Policy requires directors to notify details of any intended trading in the Company's securities prior to the trading occurring. Directors must also advise trading details within 2 days of the trade occurring.

As noted above, the circumstance which is the subject of your query did not however involve any actual trading in securities of the Company.

The Company also maintains a register of directors' interests which includes details of shareholdings and share interests. This register is considered and discussed at each ordinary meeting of the Board held monthly. Inclusion of the interests register on the Board agenda reinforces the requirements imposed on directors under the Policy and does not replace the Policy requirements.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?*

As at 30 June 2009, that part of the Company's employee share ownership plan relating to dealings prior to the introduction of the current part-paid share scheme was independently administered and this separation of responsibilities may have contributed to this oversight. The Company has now given the Company Secretary full responsibility to monitor all pending and actual changes affecting directors' and executives' interests pursuant to the Company's employee share ownership plan, with the mandate/authority to ensure any such changes are recorded and reported within the time frames required.

Yours sincerely



Ralph Noldan  
**General Counsel**



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4 January 2010

Mr Craig Jones  
Company Secretary  
New Zealand Oil and Gas Limited  
Level 20  
125 The Terrace  
WELLINGTON NEW ZEALAND 6143

By email only

Dear Craig

**New Zealand Oil and Gas Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice**

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on 18 December 2009 for Mr Roy Radford.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
  - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
    - On the date that the entity is admitted to the official list.
    - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
  - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
  - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z

within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listing rules 3.19A and 3.19B.

As the Appendix 3Y indicates that a change in the director's relevant interests occurred on 30 June 2009, it appears that the Director's Notice should have been lodged with ASX by 7 July 2009. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by return e-mail or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.D.S.T.) on Thursday, 7 January 2010.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Darren Collins  
**Senior Adviser, Issuers (Melbourne)**