



## **GREYMOUTH PETROLEUM**

### **Greymouth Petroleum expands in Central Taranaki**

***Release from Wellington at 1100h, 23 May, 2007***

New Zealand owned and operated Greymouth Petroleum confirmed today that it has reached agreement with the American company, Westech Energy New Zealand, to acquire Westech's interests in the Surrey, Windsor and Radnor mining permits for an undisclosed sum. Greymouth is also taking an assignment of gas contracting arrangements with Methanex and Vector. The transactions have an effective date of 1 April, 2007.

The interests being acquired include 100% of each of PMP 38159 and PMP 38152, and a one third interest in both PMP 38157 and in the petroleum exploration permit, PEP38751 (which abuts Radnor and Mt Taranaki). Planned activities in these permits include well drilling operations in PEP 38751 (with permit holders Bridge Petroleum and Tag Oil) in the next quarter. In the next 12 months, Greymouth will drill wells in the Surrey oil field area and expects at least two wells to be drilled in the Radnor area, following resolution of the forward work programme in that permit.

John Sturgess, Chief of Operations of Greymouth Petroleum, noted, "We are pleased to have been able to conclude these agreements." These purchases allow Greymouth to derive the permit consolidation and synergy benefits available from Greymouth's other petroleum production operations and fields in the Central Taranaki. The acquired permits have been the subject of extensive exploration but limited oil and gas production in prior years and represent a meaningful expansion of Greymouth's onshore Central Taranaki oil and gas mining permit interests, infrastructure and acreage position. Greymouth's Central Taranaki acreage position now approximates 670 sq. km.

In other news, Greymouth advises that it has successfully operated a market for spot gas since October, 2006. Greymouth anticipates that the markets for spot, excess and shortfall gas will develop further in the next 12 months, as gas customers become aware of the flexibility, price and other advantages of this new gas market. This spot market initiative has translated into real cost savings for early spot market participants. Greymouth expects these savings to continue to filter down to gas and electricity consumers through all of calendar 2008.

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