



GREYMOUTH PETROLEUM

Greymouth Petroleum confirms Kowhai Gas Discovery

Release at Auckland, New Zealand 2 December, 2009

New Zealand owned and operated Greymouth Petroleum confirmed today that Greymouth group operating company, Petrochem Limited, has discovered the Kowhai Gas Condensate Field following the drilling of the Kowhai - A1R in Q4, 2008 in the Petroleum Exploration Permit PEP 38742 located on the North Taranaki peninsular. Well testing has confirmed the discovery of a sizeable, condensate rich, gas field.

Works for the Kowhai Field development, including the commissioning of gas export facilities and interconnection with the Maui pipeline at the Kowhai Mixing Station, were completed in July 2009. Planning for long term field development will progress following today's award of Petroleum Mining Permit (PMP) 51378. Independent petroleum engineering reserves assessments have predicted proven and probable petroleum reserves of 134 Petajoules of gas and 3.2 Million barrels of condensate are producible from the Kowhai Mining Permit 51378.

John Sturgess, Greymouth COO commented "Our Petrochem operating company is delighted with the Kowhai discovery and the award of the Mining Permit. Discovery of these onshore gas reserves increases the potential for further sizeable New Zealand gas finds in the near future and reduces the prospect that New Zealand will need to import highly priced gas from overseas" The Kowhai Field is located adjacent to other Greymouth permits (see attached map) and close to Greymouth and common carrier gas pipelines and Greymouth processing facilities.

Gas from the Kowhai field will be made available to maintain fairly priced fuel supplies to backbone NZ industrial gas users, including the farming co-operative Ballance Agri-Nutrients. Greymouth also has initiatives underway to assist residential gas and electricity consumers. Construction of a power station and gas pipelines are part of the early roll out, with a planned on-stream date of March 2010.

Greymouth Petroleum group companies hold the Turangi, Kowhai, Moturoa, Kaimiro, Ngatoro, Surrey, Windsor and Radnor oil and gas fields in Taranaki. In addition to these fields, Greymouth holds exploration permit interests in the Taranaki and Great South Basins. In Chile, Greymouth's PetroMagallanes business holds oil and gas properties through the *Straits of Magellan* and on *Tierra del Fuego*. In September, 2009, Greymouth announced it had entered commitments to add the Tiger Drilling Rig, newly imported to New Zealand, to its rig fleet. The Tiger rig has been placed into service in a multi-well exploration and development drilling campaign in Taranaki, and is presently drilling the Waimanu-1 well in PEP 38773.

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Map showing Operators and location of Kowhai Gas Condensate Field/PMP 51378 and PMP 38154:

