

New Zealand Energy Reactivates Oil Production from Six Wells on Newly Acquired TWN Licenses

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Dec 2, 2013) - [New Zealand Energy Corp.](#) (TSX VENTURE:NZ)(OTCQX:NZERF) is pleased to announce that six wells on the TWN Licenses have been reactivated and are currently flowing into the Waihapa Production Station. [New Zealand Energy Corp.](#), through its subsidiaries (collectively "NZEC" or the "Company"), holds a 50% interest in the TWN Licenses, with L&M Energy and its related entities (collectively "L&M") holding the other 50%. NZEC and L&M have formed the TWN Joint Arrangement ("TWN JA"), with NZEC as the operator, to explore and develop the TWN Licenses and operate the Waihapa Production Station and associated infrastructure.

Highlights

- Six wells reactivated and currently flowing to the Waihapa Production Station
- The initial two wells were reactivated sequentially
 - The first well flowed for 19 days, produced 4,797 barrels ("bbl") oil, 6.0 million cubic feet ("mmcf") natural gas, average water cut 35%, with average daily production of 252 bbl/day (126 bbl/day net to NZEC)
 - The second well flowed for 4 days, produced 730 bbl oil, 0.9 mmcf natural gas, average water cut 35%, average daily production of 182 bbl/day (91 bbl/day net to NZEC)
 - Total production (100% basis): 5,528 bbl oil, 6.9 mmcf natural gas and 3,052 bbl water
 - Net NZEC production: 2,764 bbl oil, 3.45 mmcf natural gas and 1,526 bbl water
 - The final four wells have commenced production within the last 24 hours, following installation of wellhead metering
 - All six wells are equipped with gas lift; however, four are flowing from natural formation pressure and two are using the installed gas lift
- TWN JA oil and natural gas production is delivered directly to the Waihapa Production Station using existing pipelines. Following processing:
 - Oil is delivered by pipeline to the Shell-operated Omata Tank Farm and sold at Brent pricing
 - Natural gas from the reactivated wells (less fuel gas) is sold to Contact Energy
- TWN JA is actively pursuing third-party processing opportunities for the Waihapa Production Station that will further increase revenue for the midstream business. In the month of November, TWN JA has processed and transported over 35,016 bbl of third-party oil and water, which has generated additional cash flow. TWN JA continues to pursue other third-party opportunities

"Initial oil production from the first reactivated wells in the Tikorangi Formation has exceeded our expectations," said John Proust, Chief Executive Officer and Director of NZEC. "The reactivation process is proceeding as planned, confirming that NZEC's team, as operator, has both the insight and skills required to successfully assess, develop and revitalize the TWN Licenses and Waihapa Production Station. We will continue to report production and development activities to our shareholders on a monthly basis, through to our next quarterly report, as TWN development proceeds."

The reactivated wells had been drilled to the Tikorangi Formation by previous operators and were produced intermittently using a gas lift system, but had been effectively shut-in for a number of years. Current production rates exceed the 40 bbl/day/well (20 bbl/day/well net to NZEC) contemplated in the Company's 2013/2014 development plan. The first two wells are currently choked back because of higher than expected pressures and lower water cut than anticipated.

Well head metering has been installed at each of the six wells. The metering includes turbine meters, local totalizers and proportional samplers and will allow NZEC to monitor flow rates on a well-by-well basis. Gas lift is available for each well and will be activated when required.

NZEC also intends to install high-volume electric submersible pumps ("ESPs") to further increase production

rates. ESPs will be installed on two wells, with potential for installation of additional ESPs on the remaining four wells. The Company will begin ESP installation once initial productivity has declined, with the expectation of installing the first ESP in Q1-2014.

A number of additional wells on the TWN Licenses, with previous production from the Tikorangi Formation, have uphole completion potential in the Mt. Messenger Formation. Recompletion of these wells will be significantly less expensive and faster than drilling new wells, and economic discoveries could be tied in to the Waihapa Production Station using existing oil and gas gathering pipelines. Existing well logs and recently completed pressure surveys on two wells confirm uphole completion potential in the Mt. Messenger Formation. The first uphole completion will be initiated before year end, with the second to follow in early 2014.

"NZEC is focused on increasing production and cash flow in the very near term," continued Mr. Proust. "With an exceptional property portfolio, a skilled and dedicated team, and a comprehensive development plan, NZEC has established a clear path for long-term growth. We look forward to building value for our shareholders as our 2014 exploration and development program unfolds."

On behalf of the Board of Directors

John Proust, Chief Executive Officer & Director

About New Zealand Energy Corp.

NZEC is an oil and natural gas company engaged in the production, development and exploration of petroleum and natural gas assets in New Zealand. NZEC's property portfolio collectively covers approximately 2.2 million acres (including permits pending) of conventional and unconventional prospects in the Taranaki Basin and East Coast Basin of New Zealand's North Island. The Company's management team has extensive experience exploring and developing oil and natural gas fields in New Zealand and Canada. NZEC plans to add shareholder value by executing a technically disciplined exploration and development program focused on the onshore oil and natural gas resources in the politically and fiscally stable country of New Zealand. NZEC is listed on the TSX Venture Exchange under the symbol "NZ" and on the OTCQX International under the symbol "NZERF". More information is available at www.newzealandenergy.com or by emailing info@newzealandenergy.com.

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