

ASX Release



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543
ABN 95 003 029 543

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MARKET DATA

ASX: PCL

12 month high: \$0.085

12 month low: \$0.054

Market cap: \$25M

Cash at bank: \$3.9M

Issued shares: 444M

PROJECTS

▪ Australia

Onshore Canning Basin
Offshore Carnarvon Basin

▪ Kenya

Offshore Lamu Basin

▪ Malta

Offshore Chebba Marin
Basin

▪ Namibia

Offshore

DIRECTORS & MANAGEMENT

David Kennedy
Chairman

Peter Munachen
Finance Director

Barry Rushworth
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CONTACT DETAILS

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Stokes Bay-1 Exploration Well Drilling Update

Pancontinental Oil and Gas NL (ASX: PCL) wishes to advise that Joint Venture (JV) partner and operator of the EP 104 & R1 Onshore Canning Basin project, Arc Energy (ASX: ARQ), has announced that the current operation at the Stokes Bay-1 well bore was pulling out of the hole to run a completion string.

Since last report on Thursday, October 25th, 178mm (7 inch) casing has been run to a depth of 2585m measured depth (MD), and the well deepened a further 22m from the previous 2755m to 2777mMD. In drilling the additional 22 m, further losses of mud at rates of approximately 250bbl/hr were experienced. This resulted in no fluid or cuttings returns to surface. In drilling the 22 m of additional hole, several meter-scale intervals of very high penetration rates were encountered, these being interpreted to be due to additional large scale vuggy porosity.

Since reaching a total depth of 2777 m MD, efforts have focussed on curing the ongoing fluid losses in the Nullara Formation. This has resulted in intermittent establishment of circulation, and returns to surface with associated intermittent mud gas peaks of up to 10%. In view of the persistent ongoing losses that are now under control, and the accumulating evidence of gas presence in the Nullara, the Operator has recommended to the JV to complete the well (rather than the previously proposed open hole DST) in order to test this interval. The current plan is to complete the well during the next two days, and undertake a clean-up flow prior to moving the rig to the next exploration well. Equity positions in the deepened section of the Stokes Bay-1 well are:

- ARC Energy Limited – 69.25% (Operator)
- Emerald Oil & Gas NL - 12.75%
- **Pancontinental Oil & Gas NL - 10.0%**
- First Australian Resources Limited - 8.0%

Under the Joint Venture Operating Agreement, the non-participating parties in the deeper part of the well (Empire, Phoenix and Indigo) retain a future right to earn back into the well by the payment of penalties out of future production.

The loss of mud to the Nullara Fm has continued to create operational difficulties that have delayed testing the interval. However, we remain very encouraged by the presence of both porosity and significant permeability in the Nullara reef section, and the more recent intermittent gas shows when mud circulation is established are also viewed positively. The planned test of the Nullara Fm will determine fluid content and potential flow characteristics of the reservoir. The Stokes Bay-1 intersection of the Nullara Fm is 80m up dip of the Pt Torment-1 intersection which did not have the vugular porosity developed, but nevertheless tested gas at low rates

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The summary report on the oil and gas projects is based on information compiled by Mr M A Battrick, BSc, MAAPG, MPESA, MAICD, MPESGB, General Manager of Pancontinental Oil & Gas NL. Mr Battrick has the relevant degree in geology and has been practising petroleum geology for 26 years. Mr Battrick is a full-time employee of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.