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ASX Release
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Valentine-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 drilling operations at the Valentine 1 exploration well are continuing at a measured depth of 3,234m and the latest activity was drilling ahead toward TD.

The total measured depth of the Valentine-1 well is programmed to be 3,407mRT. Final interests in R1 and EP104, post the Valentine 1 well farm-in earning program are:

ARC Energy Limited (Operator)	38.95%
Empire Oil and Gas NL	14.8%
Emerald Oil & Gas NL	12.75%
Pancontinental Oil & Gas NL	10%
Phoenix Resources PLC	10%
First Australian Resources Limited	8%
Indigo Oil Pty Ltd	5.5%

Pancontinental General Manager, Matthew Battrick said: "Since the last report we have drilled through some predominantly tight, Devonian-aged Limestone and Claystone with minor gas shows recorded. We have not yet reached the targeted porous sandstones of the Virgin Hills Formation."

We have seen some really interesting gas shows in shallower formations and we are now drilling slowly toward our target through these old, hard limestone rocks." Matthew said.

Enquiries:

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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.