



PANCONTINENTAL Oil & Gas NL
ABN 95 003 029 543

Ground Floor
288 Stirling Street, Perth
Western Australia 6000

P O Box 8260
Perth Business Centre
Western Australia 6849

Tel: (61 8) 9227 3220
Fax: (61 8) 9227 3211
Email: mab@pancon.com.au
Web: www.pancon.com.au

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 operations at the Valentine 1 exploration well are continuing below 1,566m.

The operation at 0600 hrs today was drilling ahead at a measured depth of 1,566mRT in a 216mm diameter hole. The total measured depth of the Valentine-1 well is programmed to be 3,407mRT with the target Virgin Hills Formation at approximately 3,222mRT. 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: "Drilling operations are scheduled to last 25 days from spud and we are currently 11 days into the well. We are almost half way through the well but the target close to total depth so we need to be patient for another week or two".

"It is a deep well by Australian onshore standards but the well path is both on trajectory and close to the planned time-line so that is all we can ask for at this stage" Matthew said.

Enquiries:

Matthew Battrick
General Manager
Tel: 08 9227 3220
Fax: 08 9227 3211
Email: mab@pancon.com.au

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.