

**PANCONTINENTAL
OIL & GAS NL**

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MARKET DATA

ASX: PCL

12 month high: \$0.07

12 month low: \$0.013

Market cap: \$8m

Issued shares: 444m

PROJECTS

- **Australia**
Onshore Canning Basin
Offshore Carnarvon Basin
- **Kenya**
Offshore Lamu Basin
- **Malta**
Offshore Pelagian Shelf
- **Namibia**
Offshore Walvis Basin

**DIRECTORS &
MANAGEMENT**

David Kennedy
Chairman

Peter Munachen
Finance Director

Barry Rushworth
New Ventures Director

Ian Cornelius
Non-executive Director

CONTACT DETAILS

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ASX Release

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

UPDATE ON THE STOKES BAY 1 WELL TESTING PROGRAMME EP 104/R1, CANNING BASIN, WESTERN AUSTRALIA

Pancontinental (ASX:PCL) has been advised by the Operator that the Stokes Bay 1 Testing Programme, in the EP 104/R1 Permits located in the Canning Basin, near the town of Derby, in Western Australia, has now been completed.

The programme involved an initial circulation of fresh water and swabbing of the wellbore before using nitrogen in an attempt to lift the heavy drilling fluids above the Nullara Formation carbonate reservoir and reduce the pressure on the formation. The test programme was designed to induce flow of formation fluids from the cavernous Nullara Formation reservoir.

Since the last update on 21st October 2008, that testing had recommenced, the swabbing and nitrogen lifting operations recovered an additional 190 barrels ("bbls") of drilling fluid. This brings the total drilling fluids recovered to 3,834 bbls and represents some 38% of the estimated 10,000 bbls of drilling fluid lost to the formation during drilling operations.

At the commencement of the testing programme the well head pressure was noted to be 1,200 psi. On opening of the well to the flare pit, gas was bled down and the well flowed an estimated 15 bbls of drilling mud. During the testing operation and after the well was shut-in overnight a daily increase in well head pressure was observed to around 200 psi. Each day this gas was bled down before operations were re-commenced. The source of the influx of gas that was observed on a daily basis had not been determined during the testing programme. At the conclusion of the current test programme, fluid samples were taken, with no definitive formation fluids recovered from the Nullara Formation. The test crew and equipment have now demobilized from the well site.

The swabbing and nitrogen operations were proposed to lift sufficient drilling mud from the well bore to allow an influx of formation fluids into the wellbore. However, these options rely on there being either sufficient gas already available within the system or sufficient reservoir energy to continue to lift fluids from the well. The additional 190 bbls of drilling fluids recovered in this recent operation have not been enough to assist this influx and other methods will now need to be evaluated to determine whether hydrocarbons are present and the extent of the reservoir.

Pancontinental and the EP104/R1 Joint Venture parties will now consider the results of this testing programme before determining any future testing of the wellbore.

The participants to the Joint Venture in the EP 104 Permit and the R1 Retention Lease are:

Empire Oil & Gas N.L./Gulliver Productions Pty Ltd	14.80%
Indigo Oil Pty Ltd	5.50%
ARC Energy Ltd	38.95%
First Australian Resources Limited	8.00%
Pancontinental Oil & Gas NL	10.00%
Phoenix PLC	10.00%
Emerald Oil & Gas NL	12.75%

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The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, New Ventures Director of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 25 years. Mr Rushworth is a Director 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.