



PANCONTINENTAL Oil & Gas NL
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2 January 2002

Manager Announcements
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ASX ANNOUNCEMENT

Makino 1 Drilling ahead at 2428 metres **New Zealand Drilling Status Report**

New Zealand - PEP 38716, Taranaki Basin

Pancontinental: 6.6%.

Makino 1 was drilling ahead at a depth of 2428 metres at 0600hrs, 2 January 2002.

The well will be drilled over 45 to 50 days to a total depth of 4500 metres in PEP38728, a permit in which Pancontinental does not have a direct interest. A discovery at Makino 1 will yield attributable reserves to Pancontinental in respect to its 6.6% share of the portion of the structure which falls within PEP38716.

PEP 38716 hosts all or part of three structures related to the eastern bounding fault of the Taranaki Basin, all being similar to that of the recent major Rimu/Kauri oil and gas discovery 18 kms south. The structures are named Huinga and Huinga South, both entirely within the Permit, and Makino, which is partly within the Permit but mostly within PEP38728, which adjoins to the south.

The gross recoverable reserves of the Makino prospect have been estimated by the operator to be 48 million barrels oil and 168 billion cubic feet associated gas.

Following release of the rig from Makino 1, the Huinga 1 well, which was drilled by the Pancontinental joint venture in 1999 and suspended prior to reaching the objective, will be re-entered and deepened from 2500 metres to approximately 4200 metres. The well will also be deviated to intersect the objective Tariki and Kapuni formations some 500 metres to the west of the well collar. Deepening of Huinga 1 is expected to take 30 days.

Pancontinental has been granted some access to the drilling data from Makino and will report on the progress of the well to the extent it is able.

Both PEP 38716 and PEP 38728 are operated by Bligh Oil and Minerals NL:
ASX: BLO (<http://www.bligh.com.au>).

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Makino 1 spudded: 10 December 2001.

Location of well: Lat: 39 degrees, 29' 32.64"S.
Long: 174 degrees, 24' 59.84"E.

Operation since last report: Drilled to 2309m, ran electric logs, ran and cemented 244mm (9 5/8 inch) casing; drilled 216 mm (8 ½ inch) hole to 2428m.

Drilling Rig: Parker Rig -188.

Proposed Total Depth: 4500 metres.

Primary Objectives: Sandstone units of the Tariki Formation.

Depth of target: 4100 metres.

Note: All reported depths are referred to the rig rotary table.

ASX listed participants in the PEP 38716 Joint Venture are: *Equity %*

Pancontinental Oil & Gas NL **6.6%**

Marabella Enterprises Ltd (Subsidiary of Bligh Oil & Minerals NL) 29.6% (Operator)

AWE (New Zealand) Pty Ltd. (Subsidiary of Australian Worldwide Exploration Ltd.) 25.0%

New Zealand - PEP 38330, East Coast Basin **Pancontinental: 38.22%**

Pancontinental has been advised by the operator that the spudding of the Waingaromia 2 well, East Coast Basin New Zealand, is planned for mid- January 2002.

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It is advised in accordance with Australian Stock Exchange Limited Listing Rule 5.11 that the report on the above project has been prepared by Mr Andrew Svalbe, AAPG, PESA, ASEG, FESWA who has had more than the required five years experience and is a competent person as defined in the Listing Rules of Australian Stock Exchange Limited and has consented in writing to the inclusion of this report as it appears here.