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3 September 2002

Manager Announcements
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Australian Stock Exchange Limited
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ASX ANNOUNCEMENT

New Zealand Huinga 1B-ST Production Testing Status Report

EP 38716, Taranaki Basin.

Pancontinental: 6.6%

The Company has been advised by the operator that during the last week an acid wash was performed on the perforated Kapuni sandstone 4387- 4409 m interval to remove the effects of cementing the casing and lost circulation material that could be impeding the flow of hydrocarbons. A nitrogen lift was subsequently conducted and the well swabbed to encourage the Kapuni sandstones to flow. Daily, intermittent, increasing gas flows have been flared at the surface, and produced in association with spent acid, drilling mud and filtrate.

This is consistent with expectations, given the large volumes of mud and lost circulation material lost during drilling operations. The recovery of 21 barrels of oil from this interval during the open-hole DST#1 demonstrated that this interval is oil productive. Swabbing of the Kapuni will continue in order to increase gas and subsequent oil flows.

The operator has indicated this morning that they believe gas cut water recovered from the well to be formation water and that it now interprets the previously recovered oil from the open hole DST of the Kapuni formation originated from Basal fractures in the Murihiku. Pancontinental has not seen any data to support such interpretation, and accordingly, considers it is premature to make such interpretation and awaits further results and information.

After testing the Kapuni formation, the overlying Murihiku Formation fracture zone perforated interval of 4261- 4285m interval will be acid washed and flow tested separately, over a period of several weeks. The Murihiku fractured zone, because of the severe lost circulation problems encountered while drilling, is indicative of high permeability, and is expected to flow at higher rates than the Kapuni interval.

These extended tests will provide critical data on reserves, production rates, reservoir characteristics, the quality and nature of the hydrocarbons and formation fluids in the Kapuni sandstones and the extensive fractures within the Murihiku Group metasediments.

The production test data will also assist in determining the possible total thickness of the current (minimum) 237 meter gross oil column, as no oil/water contact and no clear indication of a gas oil contact has been established to date. This also provides a significant upside to the potential reserves of the Huinga discovery.

The DST#1 over the 4370-4428 meter Kapuni sandstone interval recovered 21 barrels of 42 degree API oil from the middle of the 4263m to 4500 metres gross interval. The top of the Kapuni Group is interpreted at 4378 meters.

Sales contracts for oil produced during the Huinga testing program have been negotiated on an interim basis, with the option to extend once specific volumes are defined by the testing program.

In the Taranaki Basin, oil and gas are produced at commercial rates from Kapuni sandstone reservoirs as well as fractured limestones of the Tikorangi formation. Many large commercial oil and gas fields, both overseas and within Australia produce from fractured reservoirs.

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 major Rimu/Kauri oil and gas discovery 18 kilometres south which is currently under development. 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.

<i>(ASX* listed) Participants in the PEP 38716 Joint Venture are:</i>	<i>Equity %</i>
<u>*Pancontinental Oil & Gas NL</u> (through subsidiary Euro Pacific Pty Ltd)	6.6%
*Marabella Enterprises Ltd (Operator) (Subsidiary of Bligh Oil & Minerals NL)	24.8%
*AWE (New Zealand) Pty Ltd. (Subsidiary of Australian Worldwide Exploration Ltd.)	12.5%
*Springfield Oil & Gas Ltd (1) (Subsidiary of Impress Ventures Ltd)	4.8%
Preussag Energie GmbH	24.00%
Swift Energy NZ Limited	15.00%
Indo Pacific Energy (NZ) Limited	7.30%
PEP38716 Limited	5.00%

(1)Subject to Joint Venture and government approvals; Springfield Oil & Gas Limited is a wholly owned subsidiary of Impress Ventures Ltd.

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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.