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Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
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## **ASX ANNOUNCEMENT**

### **Makino Drilling Update**

New Zealand Oil & Gas Limited, a participant in the above well announced to Australian Stock Exchange today the following:

“..... the exploration well Makino –1/1A/1B was at a depth of 4436 metres, and drilling ahead at 0600 hours (NZ time) on 12 March 2002.

Late this morning, a drilling break was encountered over the interval 4443m-4448m, associated with loose quartz sand and an increase in cuttings gas from a background of 0.04% to 3.39%. Gas composition and sample fluorescence in sandstone aggregates in cuttings are indicative of condensate or oil.

The current plan is to drill to 4500m and run wireline logs.”

The well is being drilled 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.

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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 4250 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 35 days.

The operator has estimated that the potential mean recoverable reserves for the Tariki Sandstone reservoirs in the Huinga and Huinga South prospects are 46 million barrels oil and 161 billion cubic feet gas and 24 million barrels oil and 85 billion cubic feet gas respectively.

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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.*