



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543

Business Office
100 Stirling Street, Perth
Western Australia 6000

Postal Address
PO Box 8260
Perth Business Centre, Perth
Western Australia 6849

Tel: (61 8) **9227 7178**
Fax: (61 8) 9227 9079
Email: svalbe@pancon.com.au
Web: www.pancon.com.au

16 July 2002

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

New Zealand Huinga 1B-ST Drilling and Project Status Report

EP 38716, Taranaki Basin.

Pancontinental: 6.6%

At 0600 hrs, 16 July 2002, the well was cleaning out plugged tubing, laying out the drill stem test tools and recovering the down-hole pressure recorders.

Further to the drill stem-test (DST) results of the 4370- 4428 meter open-hole interval of the Kapuni sandstones announced yesterday, approximately 21 barrels of yellow to dark brown, good quality, sweet, 42 degree API gravity oil, having a pour point of 32 deg C together with 69 barrels of mud and mud filtrate (subject to analytical confirmation) and no formation water, were recovered. No carbon dioxide or hydrogen sulphide gas was detected with the associated gas flow.

The recovery of oil, with no formation water, from the 4370 - 4428 meter DST interval, supports the interpretation of a (minimum) 237 meter gross oil column. As previously reported, strong gas with associated live oil shows were recorded over a 237 meter gross interval from 4263m down to the total depth of 4500 metres. The DST recovered oil from the middle of the gross interval. The top of the Kapuni Group is interpreted at 4378 metres.

The produced fluids did not reach the surface as the test string was plugged with sediment debris prohibiting any further flow of oil into the test string and to the surface. When data from the down-hole pressure gauges are read, potential flow rates, with no plugging, will be calculated. With no plugging, flows to the surface were expected.

Given these very positive results, and subject to Joint Venture approval following review of the pressure data, the operator has recommended that a 5 inch casing liner be run and cemented through the Kapuni section so that further longer term testing of the Kapuni sandstones can take place.

It was known prior to this test that the ability of the Kapuni sandstones to flow and produce hydrocarbons and other formation fluids might be reduced by the prolonged exposure to lost circulation material (LCM) present in the mud during drilling and subsequent operations. The negative effects of LCM materials are designed to be markedly reduced with a hydrochloric acid wash. The Kapuni zone will be re-tested to determine more representative oil production rates and reservoir characteristics after running casing, perforating and conducting the acid wash.

During that sequence of operations, it is also proposed to perforate and production test the Murihiku fracture zone.

The forward testing program is planned to take place over the next 2-3 weeks, and will determine the production rates, reservoir characteristics, quality and nature of the hydrocarbons and formation fluids in the Kapuni formation sandstones and the extensive fractures within the Murihiku Group metasediments.

Hydrocarbons are produced at commercial rates from Kapuni sandstone reservoirs as well as the Tariki sandstones in the Taranaki basin. Internationally, and within Australia, many large commercial oil and gas fields 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.

Huinga 1B commenced re-entry:	8 April 2002.
Location of well:	NZMG: 2 631 910.93 mE. 6 205 424.34 mN.
Operation since last report:	Recover fluids from drill stem test of 4370- 4428m interval; POOH with test string and tools.
Drilling Rig:	Parker Rig -188.
Proposed Total Depth:	4,500 metres – subject to deepening.
Primary Objectives:	Fracture zones within the Murihiku Group. Sandstones units of the Kapuni Group.
Last hydrocarbon indications:	21 barrels of 42 API, yellow to dark brown oil recovered during drill stem test.

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

(ASX listed) Participants in the PEP 38716 Joint Venture are:*

	<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.

Enquiries:
Andrew Svalbe

Director,CEO.

Tel: 08 9227 7178

Fax: 08 9227 9079

Email: svalbe@pancon.com.au

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.