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Manager Announcements  
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## **ASX ANNOUNCEMENT**

### **New Zealand Huinga 1B-ST Production Testing Status Report**

**EP 38716, Taranaki Basin.**

**Pancontinental: 6.6%**

Swabbing operations of the Murihiku 4261- 4285 meter fracture zone perforated interval have continued, with petroleum gas, and approx 3,200 barrels of spent acid and mud filtrate having been recovered to date. A 3-day equipment breakdown reduced the liquid volumes swabbed over the past week

The petroleum gas has been analysed as methane with associated heavier hydrocarbons. This gas is flared and burnt at the commencement of daily swabbing operations. Some carbon dioxide and nitrogen, by-products of the acid wash and nitrogen lift, are also being recovered.

Recently however, analysis of the recovered fluid and gas indicates that the well is producing, at least in part, interpreted formation water. This data is in conflict with all earlier evidence that the Murihiku fracture zone is oil productive, and infers that the perforations are not in communication with the Murihiku formation, and the recovered waters are sourced from elsewhere in the hole. The integrity of the cement bond between the casing and formation has therefore to be questioned, especially as some operational problems were experienced during the cementing operation.

The Joint Venture is considering its options, in terms of an investigative programme, to determine how these problems may be corrected and how the fracture system that yielded significant quantities of crude oil into the mud during drilling, be properly evaluated and tested.

It is too early to speculate what remedial steps may need to be taken to establish oil production from the Murihiku.

The recovery of 21 barrels of 42 degree API oil from the deeper 4370-4428 meter Kapuni sandstone interval during the open-hole drill-stem-test ( DST#1), demonstrated that moveable oil is present in this well. The top of the Kapuni Group is interpreted at 4378 meters.

It must be remembered that the total thickness of the (interpreted minimum) 237 meter gross oil column has not been established to date, as neither a definitive lower oil/water contact, nor an upper gas/oil contact been defined.

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.

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

***Equity %***

**\*Pancontinental Oil & Gas NL**

(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.*