



PANCONTINENTAL Oil & Gas NL
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19 March 2002

Manager Announcements
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Australian Stock Exchange Limited
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ASX ANNOUNCEMENT

Makino 1B Drilling Update

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

“..... that the Makino 1B well was at a total depth of 4555 metres, and was being plugged and suspended at 0600 hrs on 19 March 2002.

The well successfully penetrated the base of the Murihiku overthrust sequence and then intersected a gross sand interval of some 112 metres from 4443 metres (along hole). While drilling this section, significant indications of porosity development with associated hydrocarbons were recorded over the uppermost 30 metres.

Analysis of wireline logs indicates that there may be some 6 metres nett of producible hydrocarbon-bearing sandstone, over three zones within the uppermost 30 metres. These results did not warrant running casing for completion and production.

The composition, depositional environment and age suggest that the sequence is most probably uppermost Kapuni Formation. This indicates that the primary target, the younger Tariki Sandstone, still remains to be tested. It is proposed to test the Tariki potential with a deviation from the Makino 1B borehole, once the data from the Makino well have been evaluated.”

The well is being drilled in PEP38728, a permit in which Pancontinental does not have a direct interest. A Makino prospect discovery 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.

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Following release of the rig from Makino 1B, 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.