



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

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

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 commencement of production testing has been delayed for a minimum of two days owing to a minor mechanical problem caused by the parting of wireline equipment while attempting to remove a down-hole safety plug. Removal of this plug is necessary to open the well and commence the initial clean-up flows from the combined Kapuni sandstone perforated interval of 4387 to 4409 meters, and Murihiku fracture zone perforated interval of 4261 to 4285metres.

The clean up flow period is planned for up to 3 days, and this will allow drilling mud and lost circulation material to be purged from the reservoirs with an expected commensurate improvement of oil flow rates. These flow and pressure data will also indicate if acid remedial work is required to remove the detrimental effects of lost circulation material used while drilling. . The negative effects of LCM materials are designed to be markedly reduced with a hydrochloric acid wash.

After these clean up flows, a specific flow test of the Murihiku zone for a period up to 7 days will then commence. A similar test of the Kapuni sandstone interval will then follow. The Murihiku fracture zone is expected to flow at higher rates than the Kapuni interval because the severe lost circulation problems encountered while drilling are indicative of high permeability.

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 (minimum) 237 meter gross oil column given that neither an oil/water contact nor a clear indication of a gas/oil contact has been established to date. This ambiguity 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>
*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.

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.