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23 July 2002

Manager Announcements  
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## **ASX ANNOUNCEMENT**

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

**EP 38716, Taranaki Basin.**

**Pancontinental: 6.6%**

At 0600 hrs, 23 July 2002, the well was laying down drill pipe after cleaning out the 5 inch casing liner.

In preparation for production testing, the Kapuni sandstone interval will now be perforated and a packer and tailpipe assembly set by wireline. The Murihiku fracture zone will then be perforated and an upper packer and production tubing run and set with the rig to complete down-hole operations. The rig will then be released prior to conducting an acid wash of the test zones and commencing production tests of the Kapuni sandstone and Murihiku fracture zones.

During the recently completed open hole drill stem test (DST # 1) of Kapuni sandstones, fluids did not reach the surface as the test string became plugged with sediment debris during early stages of the flow period. Data from the down-hole pressure gauges now indicates that with no plugging, minimum flow rates of 700 barrels per day would have resulted. When allowed to clean up and stabilize, flow rates historically improve over the course of a test period.

It was known prior to the DST that the ability of the Kapuni sandstones to flow would 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 therefore be re-tested to determine the enhanced oil production rates after running casing, perforating, and conducting the acid wash procedure. The Murihiku fractured zone, because of the severe lost circulation problems encountered while drilling, is expected to flow at much higher rates than the Kapuni interval.

These production tests, subject to equipment availability, are scheduled to commence in approximately 2-3 weeks. They will provide data on reserves, production rates, reservoir characteristics, quality and nature of the hydrocarbons and formation fluids in the Kapuni sandstones and the extensive fractures within the Murihiku Group metasediments.

These tests will also assist in substantiating the interpretation of a (minimum) 237 meter gross oil column from 4263m down to 4500 metres. The DST#1 over the 4370-4428 meter Kapuni sandstone interval recovered oil from the middle of that gross interval. The top of the Kapuni Group is interpreted at 4378 meters.

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.

<b>Huinga 1B commenced re-entry:</b>	8 April 2002.
<b>Location of well:</b>	NZMG: 2 631 910.93 mE. 6 205 424.34 mN.
<b>Operation since last report:</b>	RIH, clean out liner; POOH with drill string.
<b>Drilling Rig:</b>	Parker Rig -188.
<b>Proposed Total Depth:</b>	4,500 metres.
<b>Primary Objectives:</b>	Fracture zones within the Murihiku Group. Sandstones units of the Kapuni Group.
<b>Last hydrocarbon indications:</b>	21 barrels of 42 API, yellow to dark brown oil recovered during drill stem test (DST) of 4370-4428m open hole interval.

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

<i>(ASX* listed) Participants in the PEP 38716 Joint Venture are:</i>	<i>Equity %</i>
<b>*Pancontinental Oil &amp; Gas NL</b> (through subsidiary Euro Pacific Pty Ltd)	<b>6.6%</b>
*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.*