



Pancontinental leaves Jingemia for Africa

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Pancontinental Oil and Gas has sold its interest in the Jingemia Oil Field in order to maintain its focus on the company's African acreage.

A deal was struck with Norwest Energy (NWE) whereby NWE will pay a total consideration of \$702,900 for Pancontinental's entire 1.278% interest in EP413, with NWE receiving its share of Jingemia Oil Field production from the 9th June 2003.

NWE paid \$100,000 on signing the deal with a further payment of \$462,320 to be paid when the transaction has been approved and registered. The balance of the purchase price is to be paid by way of monthly instalments from production revenue at a maximum of \$25,000 per month. If no revenue is received in any given month, Norwest will not make a payment for that period.

Pancontinental has a 40% interest in three blocks offshore Kenya, with Afrex controlling 60%, covering 21,400sq.km. Under the JV agreement Pancontinental has agreed to undertake new seismic and will drill two wells in the next five years. During a third exploration phase the companies have conditionally agreed to drill up to 12 wells in shallow water permits.

The Jingemia Oil Field is located onshore Perth Basin, Western Australia, about 30km north-east of the Cliff Head Oil Field in which NWE already has a 5% interest. During October 2002, the EP-413 JV encountered a 30m gross oil column at the Jingemia-1 exploration well, reservoired in Dongara Sandstone.

A two-week production test sustained rates in excess of 2,000bopd. In early May this year, Jingemia 1 began an extended production test. The well is presently flowing oil at about 1,750bopd. The test is scheduled to conclude in early August. No water cut has been reported from the test.

The Jingemia Oil Field is defined by modern seismic and has the potential to contain five-to-seven million barrels recoverable. Oil is reservoired in the Dongara Sandstone reservoir at a depth of about 2,400m. A number of other structures that have the potential to contain commercial quantities of hydrocarbons have been defined by modern seismic within EP-413.

Stakeholders in the project include Hardman 22.376%, Voyager 6.001%, Arc 0.250%, ROC 0.250%, Origin 49.189%, Australian Worldwide Exploration 15.245%, Victoria Petroleum 5.260%, Gearhart Australia 0.142%, Norwest Energy 1.278%.