

Monday, 5 January, 2004

## Aussies sign African MoU

*Perth, 5 January, OGT—Pancontinental Oil & Gas, Hardman Resources and Afrex Limited have signed a Memorandum of Understanding (MoU) with the government of Eritrea over the 11,550 sq km Massawa Block, offshore Red Sea.*

Subject to a Production Sharing Contract (PSC) being finalised over the next six months, the Joint Venture has the exclusive rights to explore for hydrocarbons in the Block for up to 7 years.

The Massawa Block lies in the salt basin of the southern Red Sea.

To the north of the Massawa Block in offshore Egypt, a large number of commercial oil and gas fields have been discovered over the past 20 years.

Pancontinental Oil & Gas said that closer to the Massawa Block, an exploration well drilled to the north of the Eritrean waters "blew out" with large volumes of gas flowing uncontrolled to the surface.

Within the Block itself, oil has been seen in a number of surface seeps in the Dahlak Islands.

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