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## ASX Companies Announcement Office

# *QUARTERLY ACTIVITIES REPORT*

## *March 2009*

### HIGHLIGHTS

- Kenya L8 – Operator Origin continued planning for future exploration, including a 3D seismic survey over the giant Mbawa Prospect
- Carnarvon Basin EP 424 – Planning continues for farmout and drilling of the large, well situated Baniyas Prospect
- Canning Basin EP 104 – Renewed testing of the Stokes bay 1 well is planned for latter 2009
- Corporate – Pancontinental's recent Share Purchase Plan succeeded in raising A\$113,000 for ongoing operations

## **INTERNATIONAL PROJECTS**

### **KENYA**

#### **OFFSHORE BLOCKS L8 AND L9**

***Pancontinental Oil & Gas NL – 50%, reducing to 25%***

Under the farm-in agreement between Pancontinental and Origin, Pancontinental is free carried through the next exploration phase.

The Operator continued planning for a 3D seismic survey later in the year to "firm up" existing L8 prospects for drilling. The giant Mbawa Prospect will be the main focus of this programme. Mbawa is interpreted to have potential for up to 1.5 Billion Barrels of recoverable oil plus 0.4 Trillion Cubic Feet of recoverable gas in Tertiary/Cretaceous reservoirs; Jurassic aged objectives are also mapped within a larger structural closure below the Tertiary/Cretaceous trap.

Interpreted seismic "AVO" anomalies in local crests of the greater mapped closure are consistent with an interpreted 55 metre gas column overlying a 105 metre oil column in Paleocene to Late Cretaceous reservoirs. Oil slicks on the sea surface over Mbawa are interpreted to be leakage from an active petroleum system at depth.

The Mbawa structure remains an exploration prospect and will need to be drilled to establish the presence of hydrocarbons or otherwise. The joint venture Operator Origin is actively seeking other companies to 'farm-in' for 3D seismic and drilling.

The Joint Venture is obliged to undertake mandatory relinquishment of part of the L8 area and has agreed a relinquishment pattern which will enable retention of the largest prospects and leads in L8. L9 has been entirely relinquished.

#### **OFFSHORE/ONSHORE BLOCK L-6**

***Pancontinental Oil & Gas NL – 40%***

The joint venture continued with studies and planning for future activities. To satisfy the L6 licence requirement for mandatory partial relinquishment of the licence area, a relinquishment pattern has been agreed which will see the retention of the main prospects and leads.

A farminee is currently being sought for the project.

It is anticipated that onshore 2D seismic will be acquired during the next permit year over prospects identified from existing seismic data.

## **MALTA**

### **OFFSHORE AREA 5; AREA 4, BLOCK 3.**

*Pancontinental Oil & Gas NL - 80%*

Activity over the area is currently suspended, pending border discussions between Malta and neighbouring countries.

The company remains confident that the main prospects and leads identified and mapped by Pancontinental have very significant potential. These are in the same geological province as the very large oil and gas fields offshore Libya and Tunisia.

## **NAMIBIA**

### **RECONNAISSANCE LICENSE RL 1 / 2007, OFFSHORE WALVIS BASIN**

*Pancontinental Oil & Gas NL – 100%*

The Reconnaissance License has not been renewed by Pancontinental, however prior to expiry of the licence the Company submitted an application for a Petroleum Agreement and Exploration Licence (“PA and EL”) over part of the Reconnaissance Licence area and this is now subject to negotiations with the Ministry.

## **MOROCCO**

### **MEDITERRANEE EST BLOCK (Application), OFFSHORE MOROCCO, MEDITERRANEAN SEA**

*Pancontinental Oil & Gas NL – 100% (diluting to 80%)*

The Joint Venture is awaiting the formal issue of the Reconnaissance Licence by the Minister. There has been no progress since the last report.

## **AUSTRALIAN PROJECTS**

### **EP 104 / R1 ONSHORE CANNING BASIN**

*Pancontinental Oil & Gas NL – 10.0%*

During the quarter planning continued for renewed testing of the Nullara Limestone reservoir in the Stokes Bay 1 well.

Previous testing of Stokes Bay 1 produced small amounts of gas, however the large volume of mud lost into the well during drilling has been only partly recovered.

Interpretation of well pressure data indicates a Nullara reservoir pressure up to 140 psi above the regional water gradient. This could be indicative of a hydrocarbon column, although other interpretations are possible. The anomalous pressure is from a zone over 80m higher than a zone which flowed 0.134 Mmcf/d gas with some minor oil shows in Point Torment 1, 4.5 Km to the southeast.

If there is closure of the cavernous trend around Stokes Bay 1 it could be in the order of some 7 sq km based on current mapping, but could extend over a much larger

area. Operator Buru interprets the areal closure has the potential to be up to 17 sq km. The actual areal and vertical extent of a hydrocarbon accumulation (if any) can only be determined by further work, including further testing.

Other methods are being evaluated to successfully test the well, determine whether hydrocarbons are present and determine the extent of the reservoir. It is anticipated that testing will resume in 2009.

#### **EP 424 OFFSHORE CARNARVON BASIN**

*Pancontinental Oil & Gas NL – 25%*

The EP424 Joint Venture has been notified by the regulatory authority of agreement to variations of the licence conditions.

The Operator is seeking to extend the joint venture's interest in the Baniyas Prospect to include the neighbouring acreage and is planning to seek a farminee for drilling an exploration well on Baniyas.

The Baniyas prospect is on-trend to the Roller, Saladin and Skate oil fields in the neighbouring permit areas. Baniyas is estimated to have potential for recoverable reserves of 34 million barrels (P mean) oil equivalent. These potential reserves are of a speculative nature until the prospect has been evaluated by drilling. The crest of the Baniyas feature has anomalous seismic amplitudes, consistent with the presence of gas-over-oil or gas-over-water, although it is possible that other factors may be responsible for the anomaly.

#### **EP 110 ONSHORE CARNARVON BASIN**

*Pancontinental Oil & Gas NL -25%*

This permit is operated in conjunction with EP- 424. The parties in EP-110 have identical equities to those in permit EP-424. There were no developments this quarter.

#### **EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN**

*Pancontinental Oil & Gas NL – 5%*

Permission is awaited to explore this area, which is subject to a Marine Park and World Heritage Listing.

### **CORPORATE**

During the Quarter the Company raised A\$113,000 before costs, through a Share Purchase Plan.

### **NEW VENTURES**

- The Company is seeking conversion of part of the RL area offshore Namibia to a full exploration and production licence.

- The Company awaits word from the Kenyan Ministry of Energy regarding its application for an onshore exploration licence.
- The Company submitted two new applications for areas offshore East Africa.

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*The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 25 years.*

*Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.*