

## ASX ANNOUNCEMENT

**4 March 2002**

### **Testing of the Port Fairy No 1 well to recommence second week of March**

Following the announcements of a flow of gas and recovery of light oil from the Port Fairy No 1 well on 18 September 2002 and 17 October 2002, Essential Petroleum has completed further studies of the well. The studies included geological and engineering studies as well as petrological and petrophysical analyses of the reservoir in conjunction with a static pressure monitoring program of the fluids in the well bore.

The company is pleased to announce that the results of the studies have provided sufficient encouragement to undertake a re-completion of the well. An alternative completion design for the well has been prepared which, on the basis of the studies to date, could result in a flow of between 0.5 and 3.0 million cubic feet of gas per day from the well. Sustainable flows of gas and condensate within this range are expected to be economic at the Port Fairy location.

The zone of interest is a fine grained greensand reservoir within the Flaxman Formation. The Flaxman Formation is one of the producing reservoirs in the Port Campbell area in the eastern part of the Otway Basin. The greensand reservoir identified in Port Fairy No 1 is a complex reservoir, which is often easily damaged during drilling and completion operations. Elsewhere in basins such as the offshore Gippsland basin in Victoria and the Northwest Shelf in Western Australia these types of reservoirs have resulted in commercial oil and gas fields.

The results of the studies suggest that the re-completion of the well will result in commercialisation of the Port Fairy field. However this will only be achieved if a sustainable flow rate from the well can be established.

A specialised work-over rig has been contracted and it is planned to re-enter the well on about Tuesday 11 March. Re-completion and testing should take about 3 to 4 days.

Interests in the Port Fairy No. 1 well are as follows:

Essential Petroleum	84.41%
Lakes Oil NL	15.59%

Interest in the re-completion of the well are:

Essential Petroleum	100.00%
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Interest Holders in PEP 152 are:

Essential Petroleum	33.9%
Origin Energy Petroleum Pty Ltd	50.51%
Lakes Oil NL	15.59%



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