



Ambassador Oil and Gas Pty Ltd

ASX / Media Release

KRUGER 1 – DRILLING ANNOUNCEMENT

Release date: 18 July 2012

Ambassador Oil and Gas Limited (ASX: AQO) aims to start drilling the second of two oil wells, Kruger 1, in Cooper basin permit PEL 156, this coming weekend.

In partnership with Senex Energy Ltd, operator of permit PEL 516, Ambassador is currently mobilising the Century 3 drilling rig to the Kruger 1 well site, about 40 km south-east of the Moomba oil and gas processing facility.

The Kruger1 well, the second well in Ambassador's first ever drilling campaign, has a mean recoverable oil potential of 380,000 barrels from the Basal Birkhead/Hutton formations, with an upside potential of over 800,000 barrels of recoverable oil. The Basal Birkhead and Hutton formations are well known and prolific oil producing horizons in the Cooper basin.

The Kruger exploration well is being funded by Ambassador to earn a 60% interest in the PEL 516 Mudlalee block in the South Australian portion of the Cooper basin.

Kruger1 will be drilled 600 metres southwest of the existing oil producer, Mudlalee 4.

The first success on the Mudlalee field was Mudlalee 3 drilled in 1993. The well flowed oil to surface at over 700 barrels per day from the Hutton sandstone. A 3-Dimensional seismic survey was recorded over the area in 2001.

Mudlalee 4 drilled in 2007, discovered a separate oil accumulation to the north of Mudlalee 3. Mudlalee 4 has produced over 200,000 barrels of oil.

Kruger 1 is interpreted as either a separate oil pool or a south westerly extension of the Mudlalee 4 oil accumulation.



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If successful, the Kruger 1 well can be brought into production quickly via a stand-alone modular production facility with the oil produced and trucked to the nearest truck unloading facility operated by Santos in Dullingari or Moomba subject to satisfactory commercial arrangements.

Participants in the Kruger 1 well are:

Ambassador Oil & Gas (ASX:AQO) earning	60%
Senex Energy (Operator)	40%

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About Ambassador

Ambassador Oil & Gas Ltd has portfolio of oil and gas exploration targets in the South Australian sector of the Cooper/Eromanga basin containing a mix of low to medium risk conventional oil and gas and unconventional coal and shale gas targets.

Ambassador owns 100% of PEL 570 in the South Australian Cooper basin and has negotiated a Farm-In agreement with ASX listed Senex Energy Ltd giving Ambassador the right to earn a 50% interest in the Zulu block of PEL 113 and a 60% interest in the Rowley and Mudlalee blocks within the PEL 516.

The Cooper basin is linked to the east coast gas market by an existing gas pipeline network providing Cooper basin gas with direct access to Queensland Liquefied Natural Gas projects near Gladstone currently under construction.

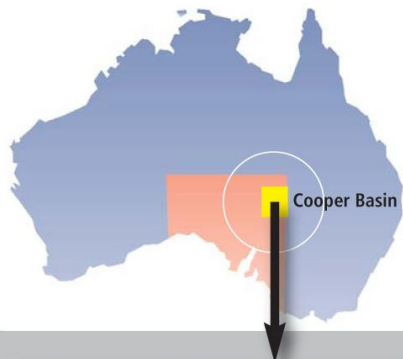
Cooper Basin exploration permit PEL570, located in the northern end of the Patchawarra trough, covers an area of 2400 square kilometers and is considered prospective for unconventional shale and coal gas. The permit is close to infrastructure and remains a key target for unconventional gas exploration.

Well Details

Licence:	PEL 516 Mudlalee Farmout Block	
Participants:	Ambassador Oil & Gas (earning)	60%
	Senex Energy (Operator)	40%
Rig:	Century Rig 3	
Mean Recoverable Oil Potential:	380,000 barrels	
Oil Targets:	Primary:	Basal Birkhead Hutton
Total Depth:	1675 metres	

Target Horizons

The **Hutton and Basal Birkhead Sandstone**, of early to middle Jurassic age, is conformably below the Birkhead and consists of massive coarse to medium grained sands deposited in a braided stream environment. This zone is the primary target for this well having produced over 500,000 barrels of oil from the northern and southern culminations in the Mudlalee field.



KRUGER PROSPECT

Basal Birkhead Depth Structure



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