



18th March 2014

Pateke-4H Appraisal Drilling Update

Pan Pacific Petroleum has been advised by AWE, the Operator of PMP38158, that as of 06:00hrs the Pateke-4H appraisal/development well being drilled by the semi-submersible drilling rig the “Kan Tan IV” was preparing to side-track.

Despite considerable effort it proved impossible to resolve the mechanical drill string difficulties experienced during the original drilling (as reported earlier) leading to a decision to abandon the lower part of the hole. This lower section has now been cemented off and isolated and the Operator will drill a side-track from a measured depth of 3,375m BRT (below rotary table) to approximately 4,110m BRT.

The side track will penetrate the the F10 reservoir at a horizontal angle and the 9 5/8 inch casing will be set just above the F10 reservoir, as planned. The well will then be drilled horizontally through the F10 reservoir for an additional 1250m to a total measured depth of 5,361m BRT.

The Kapuni F10 sandstone objective was intersected on prognosis in the original hole with oil shows and real time logging measurements indicating the likely presence of an oil bearing reservoir, which is very encouraging. However, the commercial significance of the oil shows will not be clear until the horizontal drilling has been completed.

Pateke-4H is targeting contingent resources contained in Pateke North a potential extension of the Pateke Field which is not being accessed by Pateke-3H, the current producing well on the Pateke structure. If successful the well will be completed for subsequent tie-back to the Tui FPSO for production with first oil expected before the end of Q1 2015.

The Joint Venture partners in PMP 38158 are:

Pan Pacific Petroleum NL (via subsidiaries)	15.0%
AWE Limited (via subsidiaries) (Operator)	57.5%
New Zealand Oil & Gas (via subsidiaries)	27.5%

The information contained in this announcement is current as at the date indicated in this release. This report is based on information compiled by Tom Prudence (Chief Executive Officer). Mr Prudence has a BSc (Hons) in Geological Geophysics and an MSc in Petroleum Geology. He is also a Fellow of the Geological Society of London and a member of the Society of Petroleum Engineers (SPE). Mr Prudence has consented in writing to the inclusion of this information in the format and context in which it appears.

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