



**6<sup>th</sup> May 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", has set the slotted production liner hanger and preparations are underway to run the completion equipment. These activities are expected to take approximately 10 days. The well will then be suspended and the rig will move to the Oi-1 location.

On current planning Oi-1 is expected to spud during the last week of May.

Total costs for Pateke-4H drilling and to finalise the completion and prepare for rig move are estimated at US\$111m, net US\$17m to PPP. The additional cost for subsea tie-back to the Tui FPSO is estimated to be in the range of US\$40-55m, of which some US\$13m has been pre-committed on long lead items. On this basis Pateke-4H total project costs are forecast to be approximately US\$151-166m, net US\$23-25m to PPP.

Initial evaluation of the Pateke-4H well results suggests that the pre-drill 2C resource estimates of 2.5 million, 375,000 barrels net to PPP, may be recoverable, although further work is required to confirm this. The Pateke-4H F10 has excellent reservoir properties and as a result it was decided to declare total depth earlier than planned to better manage the risk related to installation of the liner. We do not believe that this has had a material bearing on the recovery expected from the Pateke North structure.

Tie-back of Pateke-4H to the Tui FPSO and first oil production is 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 resource information contained in this release was estimated using a deterministic methodology and 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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