

Cheal Flow Testing To Start

Production testing of gas and oil bearing sands at the Cheal site (PEP38738) in the onshore Taranaki Basin, was expected to start late March, according to Indo-Pacific Energy.

Two wells, Cheal-1 and Cheal-2, will be flow tested to establish proven reserves, after both produced gas and oil at economic rates when originally tested in the mid 1990s. A statement from Indo-Pacific said the rapidly strengthening New Zealand gas market had made the field a viable development project.

Following these production tests, a Cheal-3 well will be considered. Cheal is situated near several gas markets and infrastructure pipelines. A farmout agreement has been entered into with IRM (Malaysia) Inc, a company associated with Claire Energy Pty Ltd, which will see them fund 44% of the Cheal production tests and a following well, in order to acquire 33% interest in PEP 38738. Following this deal, Indo-Pacific's equity in the permit will become 33.5%.

Meanwhile, a 3D seismic survey of the onshore Taranaki Basin, including PEP 38741, PEP 38748 and PEP 38761 was 50% complete on March 4th. "Field conditions for the survey were excellent, hence seismic data quality is good", according to the Indo-Pacific statement. "Indo-Pacific is confident that this high quality data will enable the identification of any potential drilling targets within the area."

The seismic survey vessel 'Polar Duke', which was in New Zealand waters working for Shell, recently completed a 48 km seismic survey over the Amanda prospect in Indo-Pacific's offshore Taranaki permit area PEP



Indo-Pacific CEO with consultant and interested spectators at the Cheal 1 and 2 wellsite before the drilling rig arrived.

38480. "Weather conditions for the survey were excellent; and high quality data were acquired, which will be AVO processed to define evidence for gas within the Kapuni reservoir sands in Amanda, as at Pohokura", the statement said.

Indo-Pacific announced that the Kahili marketing study had identified three main options for the sale of gas from the Kahili field and marketing proposals were being obtained from the parties involved. "It is expected that the Kahili field will be in production in the latter part of 2003", the statement said. "A recent pressure survey in Kahili-1A/B provided the basis for a substantial upgrade in reserves."

"Laboratory analysis of the well stream reveals that, in addition to nearly 40 bbl of condensate per Mcf of gas, there are also some 35 bbl per MM of liquefied petroleum gases, which add significantly to the market value of the wellstream. Options for enhancing the flow rates from the well are being considered; and the other exploration and appraisal options in the permit area are also being evaluated for future drilling."