

Kenyan Offshore Well To Be Drilled This Year

The first oil exploration well in offshore Kenya for the Woodside, Dana and Global Petroleum Joint Venture is scheduled to be drilled in the last quarter of 2006.

Global Petroleum Executive Chairman, Dr John Armstrong, said a drilling plan and proposed date for the commencement of exploration drilling in the under-explored province had been secured.

The joint venture (Woodside Energy (Kenya) Pty Ltd earning 50% and operator, Dana Petroleum 30% and Global 20%) has scheduled up to two wells to be drilled in Blocks L-5 and L-7 in offshore Kenya in the last quarter of 2006.

"The actual onset of drilling operations will be dependent on the delivery date of the rig to Kenya, currently scheduled for October this

year and further studies of ocean conditions", Armstrong said. "The joint venture has the option to drill a second well immediately following the first well, or subsequently when the results of the first well are assessed."

He said the costs associated with Global's 20% equity in L-5 and L-7 were carried for all activities including the drilling of the first well in each permit. "Woodside only earns its equity when these two wells are drilled." Armstrong said the Kenyan acreage had the potential to become a significant oil region:

- Woodside currently regards Kenya as having "multiple large structural prospects" (November 2005 Woodside presentation).
- Woodside's mapping and seismic surveys have identified more than 30 prospects and leads, a number of which are each capable

of holding several hundred million to a billion barrels of recoverable oil.

- The first prospect to be drilled is likely to be Pomboo in L-5 and the second possibly Sokwe in L-7.
- Both prospects have reservoir objectives in rocks of Cretaceous and Tertiary age which, elsewhere in the world, contain a large proportion of the world's known oil and gas reserves.

"Drilling will be undertaken using the deep water drilling vessel Chikyu which has been contracted by Woodside Energy Ltd through the Norwegian international drilling contractor, Smedvig, on behalf of the Japanese Agency for Marine-Earth Science and Technology (JAMSTEC)", he said.

"The rig contract is subject to JAMSTEC board approval anticipated in late April 2006 and assignment to Woodside Energy (Kenya) Pty Ltd, subject to the relevant joint venture and Kenyan government approvals."

Armstrong said obtaining a rig had proved particularly difficult, with very high rig usage and long term rig contracts arising from the strong oil price over the past two years.

"Drilling in our Kenya acreage represents a major step forward for the company", he said. "We are pleased that the decision to drill has been taken and the first well placed firmly on Woodside's drilling schedule. It is Global's view that in a success case our Kenya acreage has the potential to deliver very significant upside value for shareholders."

Armstrong said Kenya was a key part of the Global portfolio which also includes oil and gas exploration interests in the Falkland Islands (through its 14% shareholding in Falkland Oil and Gas Limited), Ireland and Malta. ■

