

Nido Secures Rig For Palawan Development

Perth-based Nido Petroleum Limited has executed contracts for a drilling rig and subsea trees for the development of the Galoc Oil Field in the North West Palawan Basin, offshore Philippines with first oil scheduled to be delivered in the fourth quarter of 2007.

Nido Philippines President, Bryce Martin, said the rig contract is for three wells (two firm wells plus an option well) and will be drilled using the Energy Searcher, a drillship managed by Jet Drilling and is expected on-site in June 2007.

The Galoc Field is situated in Block C of Service Contract 14 (SC 14), in the North West Palawan Basin, offshore Philippines. Nido holds a 22.279% working interest in the field which is operated by the Galoc Production Company (GPC).

The first phase of the Galoc development will be two subsea horizontal wells connected via a seabed flowline and riser system to a Floating, Production, Storage and Offloading Facility (FPSO).

"Nido expects highly productive horizontal wells, with each initially capable of producing up to 15,000 bopd. In order to maximise oil recovery, total field production rate will likely be controlled to an initial production plateau of approximately 17,500 bopd for 12 to 24 months", Martin said.

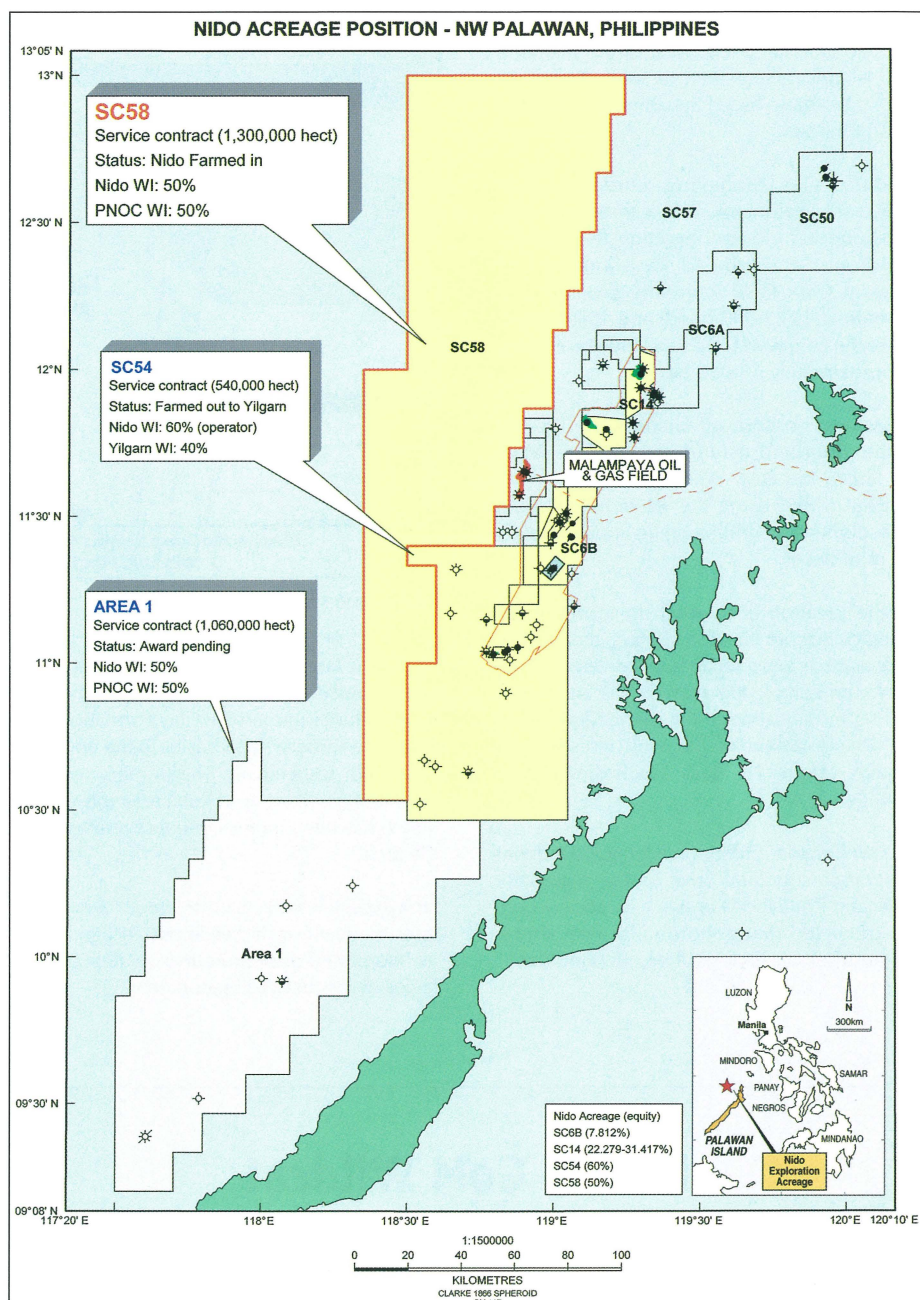
"The Energy Searcher will be the first offshore rig in the Palawan in six years and heralds a revival in the Philippines oil industry. Execution of these contracts is a major milestone for the Galoc Project."

Deputy Managing Director, Joanne Williams, said Galoc will be the first turbidite development in the North West Palawan and is key to Nido's growth strategy in the Philippines.

Meanwhile, Nido Petroleum Limited has started seismic 2D operations with a 3,500 km acquisition in the Palawan Basin, offshore Philippines, after farming into the Service Contract 58 (SC58) licence with the Philippine National Oil Company (PNOC).

Nido Chief Operating Officer, Craig Martin, said the company will earn 50% through undertaking the agreed work programme and will pay 100% of the associated costs comprising pre-drill expenditure of approximately US\$8.5 million, principally for seismic acquisition and interpretation up to January 2008.

"SC 58 lies at the heart of the Palawan Basin and is considered to be a license with world class prospectivity. A number of leads have



SC 58 lies at the heart of the Palawan Basin and Nido Petroleum considers it to be a licence with world class prospectivity.

already been identified by PNOC and will add considerably to Nido's drilling portfolio."

Martin said the exploration work programme has commenced with a 3,500 km, 2D group shoot over both SC 58 and SC 54. PNOC has been taking the lead in this group shoot and Nido secured the MV Veritas Voyager to commence acquisition in late July.

"The 2D programme will be followed by a 3D seismic survey later this year in SC 54 and a subsequent 3D seismic programme is

planned in SC 58. Nido will operate both seismic acquisition programmes", he said.

"SC 58 is also one of the largest licenses in the Palawan Basin (1,344,000 ha) and this farm-in provides Nido with a high equity position over the majority of the offshore Palawan Basin. This will allow the company and its joint venture partners to explore the untested deep water potential of the Basin. This will increase Nido's gross acreage in the Palawan Basin by 203% from 661,997 hectares to 2,005,997 hectares." ■