

AWE Starts Nine Well New Zealand Drilling Campaign

Australian Worldwide Exploration Limited (AWE) has started a continuous nine well offshore drilling campaign in New Zealand with the Cutter-1 exploration well in New Zealand's Canterbury Basin.

AWE's Managing Director, Bruce Phillips, said the 2006/2007 campaign is the biggest programme in the company's history and is believed to be the largest continuous offshore drilling programme ever undertaken in New Zealand.

During the campaign, AWE will participate in nine offshore exploration and development wells and will be the operator of eight of these wells. "This is a major drilling campaign both for AWE and New Zealand", Phillips said. "The programme involves a broad spectrum of development and exploration wells, from low risk, moderate reward to high risk, high reward."

"The first well in the programme, Cutter-1, falls into the latter category. However, because AWE has farmed out most of its cost exposure to

the well, our shareholders are in the enviable position of participating in this high upside exploration project without the normal attendant cost risk."

Cutter-1 began drilling on 9 October and is expected to take 30 days to reach a planned total depth of about 3,000 m. The well is located in PEP 38259 in the offshore Canterbury Basin, 23 km off the east coast of the South Island of New Zealand and 200 km southwest of Christchurch.

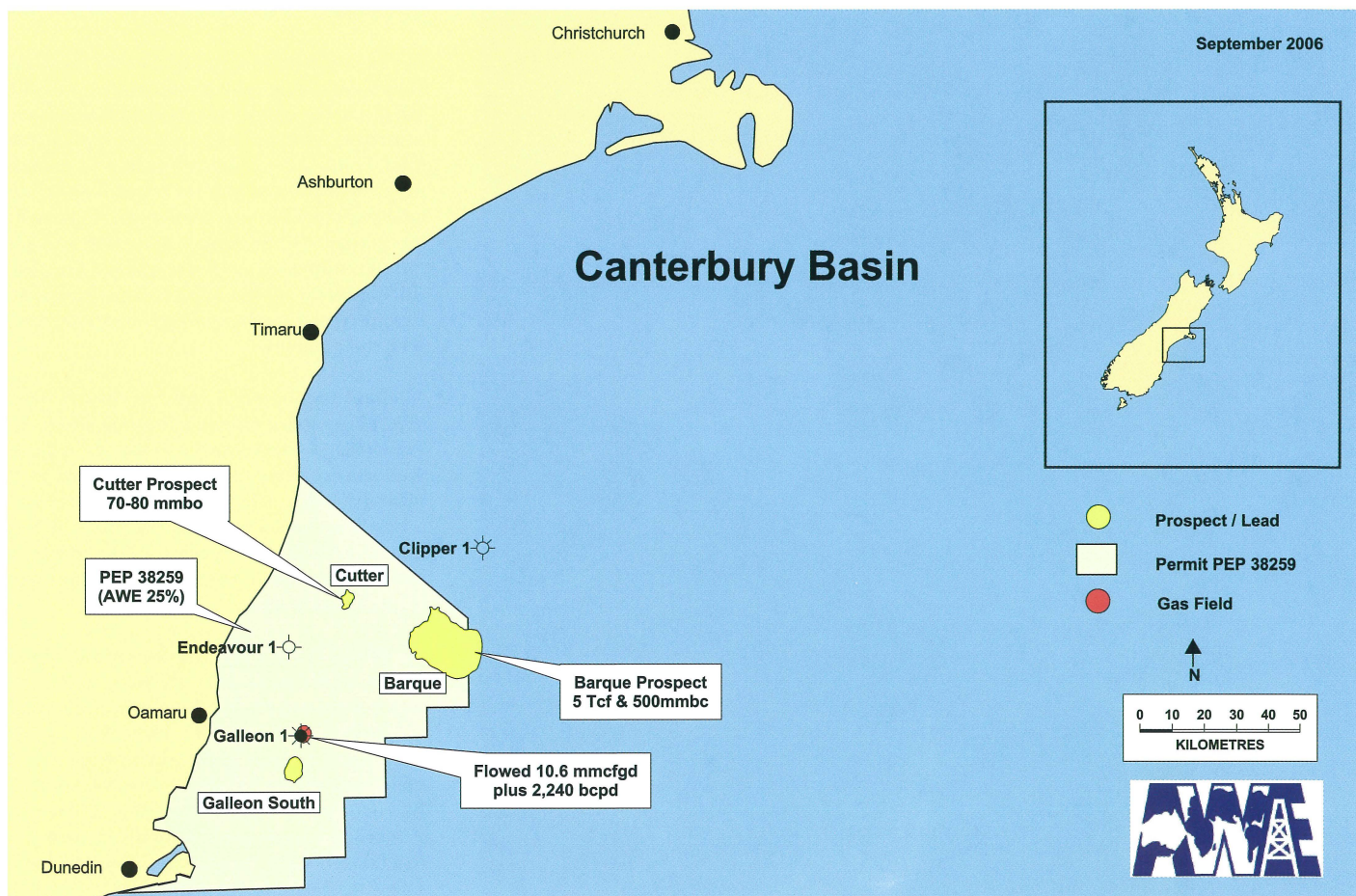
"The Cutter prospect has a potential recoverable volume of approximately 70 – 80 MMbbl of oil",

he said. "The PEP 38259 permit area is lightly explored but already has a non-commercial gas-condensate discovery (Galleon-1) 45 km to the south of Cutter-1. On test, the reservoir section in Galleon-1 produced 10.4 MMcf of gas per day with associated condensate at a rate of approximately 2,200 barrels per day."

At the conclusion of the Cutter-1 well, participants in PEP 38259 will be: AWE New Zealand Pty Ltd 25%, Tap (New Zealand) Pty Limited (Operator and 40%), Beach Petroleum (NZ) Pty Ltd 20% and Anzon New Zealand Limited 15% ■

Well Name	AWE share	Potential Reserves	Timing
Cutter-1	125.0%	Carried	80 MMbbl
Tieke-1	42.5%	15 MMbbl	Drilling Q4, 2006
Tui development 1-4	42.5%		Q4, 2006 to Q2, 2007
Hector-1	44.3%	>100 MMbbl	Q2, 2007
Taranui-1	42.5%	5-15 MMbbl	Q1, 2007
West Cape-1	40.0%	>100 MMbbl	Q2, 2007

AWE's New Zealand drilling programme



Cutter-1 began drilling on 9 October and is expected to take 30 days to reach a planned total depth of about 3,000 m. Picture: Brian Condron.