

## Cheal Complete And Producing

Production facilities at the Cheal Oil Field, onshore New Zealand, have been fully commissioned and are achieving production rates of approximately 850 bopd gross from four wells, according to Canadian production and exploration company TAG Oil.

In its results for the June quarter, TAG reported that 36,434 bbl of oil gross had been produced from the field during the quarter, delivering revenue to TAG of approximately A\$1.03 million.

Oil from the Cheal field is currently being produced using a combination of the temporary production facilities on the Cheal B site and the permanent production facilities on the Cheal A site.

TAG reported that its decrease in cash and cash equivalents for the quarter, from A\$15.54 million to A\$11.74 million, resulted mainly from capital expenditures related to the Cheal development plan.



*The Cheal production facility onshore New Zealand.*

Garth Johnson, TAG's incoming Chief Executive Officer said, "We are satisfied with the progress made at Cheal during the quarter and are looking forward to increases in production rates and efficiency now that the Cheal production station has been fully commissioned."

"Going forward, TAG faces a number of challenges that relate to costs of exploration and development and our reduced working capital balances resulting primarily from significantly higher than projected costs to develop the Cheal oil field. However, that being said, a number of opportunities remain available to TAG in New Zealand and we have taken steps to adapt to the challenges. We are reviewing all of the strategic alternatives available to TAG so we can maximise the value of Cheal and our other assets for our shareholders", Johnson said.

The Cheal Oil Field development is a joint venture between TAG Oil and Austral Pacific. ■