

AWE may drill Tieke-1 sidetrack; first Tui production oil well spudded

12 January 2007 - Australian Worldwide Exploration Ltd (AWE), operator of Tui area project in PMP 38158, reports that the joint venture is considering drilling a sidetrack to unsuccessful exploration well Tieke-1.

Tieke-1, drilled by the Ocean Patriot rig in the first of AWE's eight-well drill campaign in offshore Taranaki, was suspended.

This will give the joint venture partners time to assess the well data to determine the merits of a potential sidetrack to a deeper Kapuni sands target later time in the current drilling campaign.

Meanwhile the Ocean Patriot semi-submersible rig has moved to begin drilling the first of the four Tui field production wells, Pateke-3H.

AWE reports that development drilling at Pateke-3H, spudded on December 16, 2006 and by December 19 was preparing to run surface casing at a measured depth of 1500 m.

The Tui Area Development drilling campaign is being undertaken on a "batch-drilling" basis, to optimise the sequencing of drilling operations and the tie-ins of flowlines to the subsea development wells.

AWE said the "batch drilling" will involve the drilling of the upper sections and installing subsea wellheads and trees on at least three of the planned four wells, prior to drilling the deeper sections of the wells, including the horizontal sections within the oil reservoirs.

Following the cementing of the surface casing and the installation of the sub-sea tree, the Pateke-3H well will be temporarily suspended and the drilling rig will be relocated to allow similar activities to be completed on the Tui-2H and Tui-3H wells.

Tui-2H is planned to be the first well drilled to total depth and completed for hook-up to the production facilities.

The Tui development is located within PMP 38158, in the Taranaki basin, approximately 50 km offshore from the Taranaki coast. First oil is expected from the development by June 30, 2007, and when fully commissioned, a production rate peaking at 50,000 barrels of oil per day is anticipated.

AWE said the project remains on-time and on-budget with the remaining key risks being abnormal drilling and/or weather conditions.

The PMP 38158 partners are operator AWE with a 42.5% stake, New Zealand Oil & Gas (through its subsidiary Stewart Petroleum) (12.5%), Mitsui E & P New Zealand (35%) and Pan Pacific Petroleum (10%).

Source: AWE.