

## Pogo to drill Kanuku prospect off Taranaki with Ocean Patriot rig

**26 February 2007 - Houston-based Pogo Producing Company expects to spud its first exploratory well in offshore New Zealand waters by August this year, the company says in its December quarter report.**

"Pogo and its partners are eager to test the first of their New Zealand prospects," the report says.

Gerry Morton, Pogo's senior vice president and regional manager for Asia and Pacific, said the company plans to drill the Kanuka prospect northwest of New Plymouth targeting mid-Miocene submarine fans. This prospect lies in PEP 38488.

Pogo is to use the Ocean Patriot semi-submersible rig which is currently drilling undertaking an eight-well programme in offshore Taranaki for AWE including the Tui field production wells.

The Kanuka prospect will be in waters over 100 metres deep, Mr Morton said.

Pogo is keen to drill a second well in its three offshore Taranaki permits but it had not yet completed its analysis of available prospects, he said.

The company has contracted enough time on the Ocean Patriot to drill two wells, but it may opt to use a jackup rig for the second well, Mr Morton said.

A recent Pogo website presentation indicated that one of the prospects Pogo has under consideration is Toro in PEP 38489, just a few kilometres offshore from New Plymouth city.

Pogo New Zealand is operator of, and holds a 50% interest with, partners Mighty River Power Ltd (25%) and Mitsui E&P Australia Pty Ltd (25%) in three offshore Taranaki permits PEP 38488, PEP 38489 and the offshore Cape Egmont PEP 38490.

Pogo also acquired last year the large East Coast Basin permit covering 21,460 sq km.

Pogo's fourth quarter report says that 2006 was its busiest drilling year in its history, with 488 wells drilled, up almost one-third, or 32%, from 2005, the previous record year. Some 432, or 89%, of Pogo's 488 wells drilled in 2006 were successfully completed as producers.

Pogo approved a capital and exploration budget for 2007 of US\$720 million, covering Pogo's activities worldwide, including the drilling of some 370 gross wells. Pogo's total 2006 spending, including acquisitions as well as capital and exploration spending was approximately US\$1.7 billion.

During 2006, including all acquisitions and dispositions, Pogo replaced an estimated 194% of its 2006 production of 183 billion cubic feet equivalent.

Pogo grew its 2006 year-end reserves, company-wide, by 8%, which marks Pogo's fifteenth consecutive year of positive reserves growth.

However Pogo's net income for the 2006 year fell to US\$446 million on revenues of US\$1.7 billion, compared to 2005 when net income was US\$750 million on revenues of US\$1.2 billion.

Source: Pogo