

L&M Petroleum plans more 2008 drilling

13 February 2008 - Wellington-based L&M Petroleum Ltd expects to drill between two to five wells in 2008 in its West Southland permits and a new interest on the South Island's West Coast.

John Bay, managing director and CEO of L&M Petroleum said in its fourth quarter report of 2007 that the wells were subject to the leads being matured sufficiently to drillable status and suitable drilling rigs being secured.

In the next three months L&M Petroleum plans to integrate the results of PEP 38226 (Waiau) and PEP 38230 (Te Anau) seismic acquisition programmes into the 2008 drilling programme.

The shallow Fireball Creek-1 well will be drilled in February 2008 in PEP 38521 in the onshore Westland Basin of the South Island between the towns of Greymouth and Hokitika.

L&M concluded contractual arrangements to earn 32.5% equity in PEP 38521. The equity will be earned by the company funding 65% of the costs to drill Fireball Creek-1 to a depth of approximately 450 m. The well will be drilled by Timaru-based Washingtons Drilling & Exploration's drill rig.

In the PEP 38226 (Waiau) 44 km of 2D seismic data was acquired. The programme is designed to assist in the definition of two Beaumont sandstone structures: the Otahu prospect and Rowallan lead.

The company said the Otahu prospect in particular is of considerable interest given its proximity to Dean 1/1A and the mapped hydrocarbon kitchen. Hydrocarbon migration studies also support its potential prospectivity. The data is currently being processed and will be incorporated into the 2008 drilling programme.