



Cue Energy Resources Limited

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FACSIMILE TRANSMISSION

TO : Company Announcements Office
10th Floor
20 Bond Street
Sydney NSW 2000

DATE : 23 July 2004

PAGES (including this page): 2

FROM : Andrew Knox

RE : **Jeruk -2 Drilling Report**

Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox". The signature is written in a cursive, flowing style.

Andrew M Knox
Chief Financial Officer



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RELEASE

Jeruk -2 Drilling Report

Santos, the operator for the Sampang PSC in offshore East Java, has announced that the Jeruk -2 well began drilling at 0715 hours on 22 July 2004. Jeruk -2 is located approximately 1.6 kilometres east of Jeruk -1 and approximately 35km WSW of the Oyong field and 40km SE of Surabaya.

The Jeruk -2 well is planned to a total depth of 5300 metres to evaluate the carbonate objective tested by Jeruk -1.

Jeruk -1 was drilled on a sole risk by Santos. Cue declined to join the sole risk. Cue has also declined participate in the drilling of Jeruk -2 on the basis of the substantial cost of the well to Cue and the risked potential of the Jeruk structure. Cue retains its right to participate in any Jeruk development subject to sole risk premiums based on Cue's share of the costs of the Jeruk -1 and -2 wells.

Cue retains its full rights in the remainder of the Sampang PSC.

Participants in the Sampang PSC are :

Cue Sampang Pty Ltd	15%
Santos (Sampang) Pty Ltd	45% (Operator)
Coastal Indonesia Sampang Ltd (El Paso)	40%

Any queries regarding the announcement should be directed to the company on (03) 96297577 or email mail@cuenrg.com.au.

A handwritten signature in blue ink, appearing to read "R. J. Coppin".

Robert J Coppin
Chief Executive Officer

23 July 2004