



## Cue Energy Resources Limited

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DATE : 04 November 2011

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Sampang PSC, Indonesia Development Update**

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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".

Andrew M Knox  
Public Officer



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### **RELEASE**

(ASX: CUE; NZX: CUE; POMSOX: CUE; ADR/OTC: CUEYY)

### **Sampang PSC, Indonesia Development Update**

Cue Energy Resources Ltd (CUE) is pleased to provide the following update regarding the Sampang Production Sharing Contract Area (PSC), offshore Indonesia.

The Sampang PSC is located south of Madura Island, offshore Indonesia. The PSC contains the Oyong Field, Wortel and Jeruk discoveries. The permit is operated by Santos (45%), with partners SPC (40%) and Cue (15%).

The Oyong Field is located in 41m of water with the reservoir at a depth of approximately 750m. The field initially contained an oil column of 38m overlain by a gas cap of approximately 110m. The development currently consists of 5 horizontal oil production wells and 2 vertical gas producers with a wellhead platform and Floating Production Storage and Offloading (FPSO) and Floating Storage and Offtake (FSO) vessels moored adjacent to the platform. Oil production commenced in September 2007 with first commercial gas sales made in September 2009. The gas is exported via pipeline to the Grati power station onshore Java. Production during the September 2011 quarter averaged approximately 2,500 barrels of oil per day (bopd) and 60 million standard cubic feet of gas per day (MMscf/d).

The Joint Venture is currently in the process of developing the Wortel gas discovery. Two horizontal wells will be drilled in the Wortel field, a small well head platform installed and a pipeline will be laid to connect Wortel to Oyong for gas sales via the Oyong pipeline to Grati. In addition a further horizontal oil production well will be drilled in the Oyong field. This development is expected to lift total production to approximately 90MMscf/d and 3,500 bopd from January 2012. The proven plus probable gas reserves of the Wortel field estimated by Santos at the end of 2010 were 103.6 Billion cubic feet (Bcf) (Cue share 14.45 Bcf).

#### Progress and schedule:

- The project is currently on schedule and on budget. The most likely first gas delivery is expected in late December 2011 or early January 2012
- The wellhead platform at Oyong has been modified to allow for the extra Oyong well and tie in of the Wortel gas pipeline.
- The wellhead platform and pipeline connecting Wortel to Oyong are expected to be installed by mid December 2011.
- The rig COSL Boss has arrived at the Wortel Field location and is expected to commence drilling the two Wortel development wells on Saturday 5<sup>th</sup> November.
- It is anticipated that drilling will be complete at Wortel by mid December and then the rig will be moved to Oyong to drill the additional horizontal oil production well.

The total cost of the development is estimated as US\$105.1million with Cue's share approximately US\$15.8million. Cue will fund its contribution from existing cash reserves. Cue's net share of production from the Sampang PSC in January 2012 will be approximately 2,700 barrels of oil equivalent per day (boepd) before production sharing with the Indonesian Government.

Any queries regarding the announcement should be directed to the Company on (03)96708668 or email mail@cuenrg.com.au.

Andrew Knox  
Public Officer

4<sup>th</sup> November 2011

