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## Cue Energy Resources Limited

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20 Bond Street  
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DATE : 9 October 2009

PAGES (including this page): 4

FROM : Andrew Knox

RE : **Continued Success in the Taranaki Basin, New Zealand**

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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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## Cue Energy Resources Limited

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### **RELEASE**

#### **Continued Success in the Taranaki Basin, New Zealand**

Cue is pleased to advise that the Manaia-1 is a successful oil appraisal well and is being completed as a future producer from the Mangahewa reservoir.

The Maari Joint Venture partners have now successfully reached all objectives in the drilling operations in the off-shore Taranaki Basin, New Zealand. To date, seven oil production wells and three water injection wells have penetrated three different plays (Moki, M2A and Mangahewa Sandstones) on two separate structures (Maari and Manaia Structures).

Bob Coppin, Cue CEO states that *"the well and production results, have shown that our offshore Taranaki assets have excellent proven oil production potential. We acknowledge that the operating conditions are technically challenging and we appreciate the safe, efficient and timely drilling-operations of the operator OMV. The efficient drilling operations to date have been very pleasing."*

The **Maari oil field** commenced production from the Moki reservoir section in February 2009. Five oil production and three water injections wells are designed to optimise reservoir performance and longevity. The production wells were drilled horizontally through the primary Moki reservoir section, and they will drain oil across the field. The Moki reservoir is expected to produce at least 50 million barrels of oil over a 10-15 year period. The Maari processing facility is currently near capacity from the five production wells.

The **Maari M2A** appraisal well was spudded 10/09/2009 with the aim of completing a horizontal well through the M2A sandstone to tie back to the Maari production facilities. The M2A sandstone lies approximately 50m above the Moki sandstone. The M2A sandstone was penetrated several times during the Moki production drilling campaign, and data from these wells showed good to excellent oil bearing reservoir rock properties. The M2A appraisal well drilled 1209m horizontal section through the reservoir with a net oil pay of 660m. Technical assessment is on-going, but the most-likely oil-in-place M2A volumes are in the range of 30-40 million barrels. Recoverable volumes will be estimated in due course, but it is clear that the M2A reservoir will increase Cue's proven oil reserves.

The **Manaia oil field** is located approximately 10km to the SW of the Maari oil field. The primary target at Manaia is the Mangahewa sandstone which underlies that M2A and Moki sandstones. The Maari joint venture partners took the option to drill the Manaia well in May 2009. The well was designed as a long reach horizontal well, and was drilled to a total depth of 7945mMD. A gross Mangahewa reservoir section of 1524m was penetrated with an approximate net-to-gross of 60-70%. Logging-While-Drilling (LWD) tools plus gas-ratio analyses confirm the presence of hydrocarbons throughout net Mangahewa reservoir section. Although no further assessment of reserves have taken place, previous volumetric estimates indicate most likely oil-in-place of approximately 58 million barrels. The Manaia well will now be tied back into the Maari production facilities and production will commence over the next months. Manaia oil increases Cue's proven oil reserves and is expected to add life to the Maari project.

Bob Coppin said today that *"The continued success in the Maari and Manaia fields indicates that there is substantial near field exploration/appraisal opportunities in our New Zealand permits. Not only have we added reserves but we have also gained significant technical data from the drilling campaign which assists our forward plans and objectives in New Zealand. We recognize that there is also unrealized potential at the Mangahewa reservoir level at Maari and at the Moki levels at Manaia. We expect the joint venture will focus on the technical merits of each of these with the intention of further appraisal drilling in the future"*.

The participants in the Manaia-1 appraisal well are

Cue Taranaki Pty Ltd	5%
OMV NZ Ltd (Operator)	69%
Todd Maari Limited	16%
Horizon Oil International Limited	10%
<i>(a wholly owned subsidiary of Horizon Oil Limited (HZN))</i>	

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email [mail@cuenrg.com.au](mailto:mail@cuenrg.com.au)



Robert J Coppin  
Chief Executive Officer

9<sup>th</sup> October 2009

