



## ASX Announcement

July 16, 2010

### **Brunei - Block L Drilling Update**

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#### **Highlights:**

- **Second well spudded in Brunei with significant targets (Lempuyang-1 Well)**
- **Testing of Lukut-1 planned**
- **Aerial Gravity and Magnetic survey commenced**

**AED Oil Limited (“AED”) has advanced its initial two well Phase 1 Exploration Programme for Block L. The second onshore exploration well, Lempuyang-1 spudded yesterday 15 July 2010 (*Figure 1*). In addition, planning is advanced for the forthcoming testing of up to 10 potential hydrocarbon zones on the first well, Lukut-1.**

#### **Lempuyang-1**

Lempuyang-1 well is the second well in the initial two well Phase 1 Exploration Programme for Block L, Brunei following the successful Lukut-1 well drilled in May 2010.

The Lempuyang-1 well is on the Lempuyang Prospect which was identified and defined by the Tutong 3D seismic data acquired by the Block L Consortium in 2009.

Drilling is expected to take approximately 50 days depending on the final Total Depth.

The Lempuyang Prospect exhibits strong amplitude anomalies at the expected reservoir levels within the overall prograding clinoform package of the Middle-Late Miocene Belait Formation.

Five distinct fault blocks define the prospect with initial mapping indicating a significant target resource.

Depending on drilling outcomes, Lempuyang-1 can be extended deeper into the clinoform package to approximately 3,500m to test additional reservoir horizons.



*Figure 1: Nabors 503 Drilling Rig, Lempuyang-1 Spudding Ceremony.*

### **Lukut-1**

During drilling of the successful Lukut-1 well, numerous gas shows and encouraging wire-line data led to the decision to deepen the well to a final Total Depth of 2,366m.

The testing programme for the well is currently being defined, pending results from the well data evaluations, and up to ten potential hydrocarbon zones are being considered.

AED has initiated discussions with several service companies to supply the testing equipment and services prior to a tendering process.

A small work-over rig is being sourced to carry out the testing and it is anticipated that testing will commence in August 2010.

### **Aerial Survey Commenced**

In addition to the exploration drilling programme, AED will also be conducting an Aerial Gravity and Magnetics Survey to further assess the exploration potential of the block. A light aircraft with a specially designed boom will fly at altitudes as low as 150m to carry out the survey. This survey is expected to last about two weeks.

The survey will delineate major structural trends and assess the depth of and possible makeup of the sedimentary basins within Block L. The data will be used to evaluate the regional prospectivity and optimize the 2D/3D seismic to be acquired in the Phase 2 Exploration Programme.

The Joint Venture is also planning a Basin Analysis Project, designed to evaluate the onshore potential petroleum system for the Brunei area and will define risk exploration targets for future drilling.

## Drilling Locations

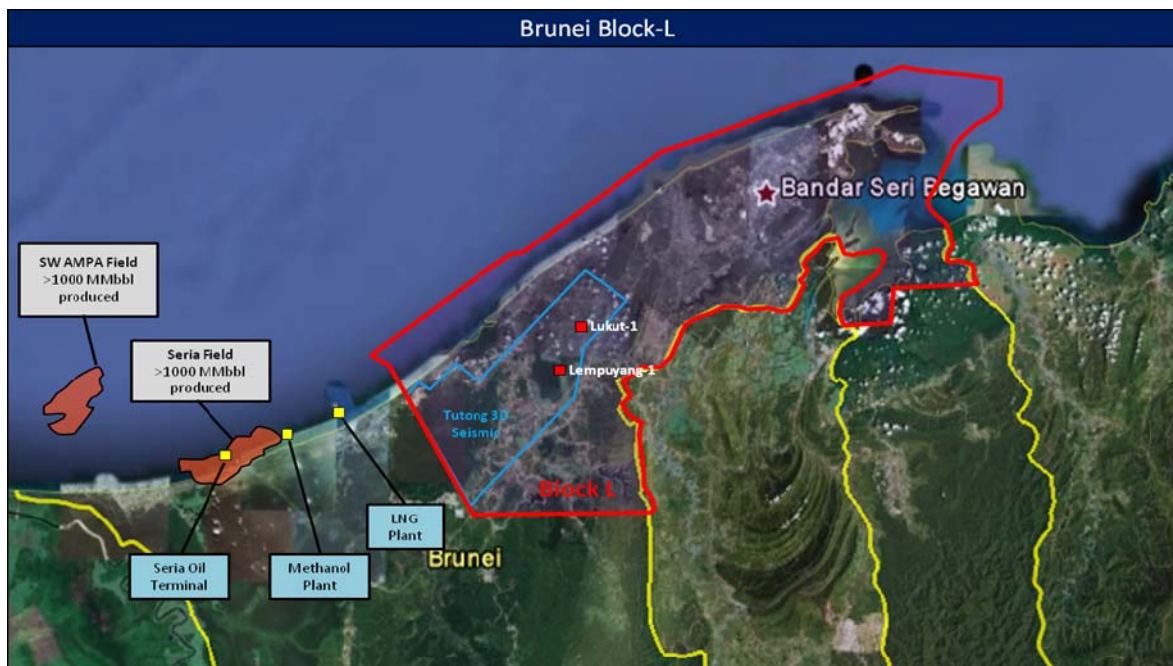


Figure 2: Indicative drilling location map of Lukut-1 and Lempuyang-1 in Block L, Brunei Darussalam.

### Participants in Block L are:

PetroleumBRUNEI manages and regulates Block L which covers an area of 2,253 sq. km in the Brunei-Muara District and parts of Tutong and Temburong Districts. The Block L Consortium comprises of AED South East Asia Limited (50%), Kulczyk Oil Brunei Limited (40%) and QAF Brunei Sdn Bhd (10%).

### Background

AED South East Asia Limited, a wholly owned subsidiary of AED Oil Limited, became the Operator of Block L, Brunei in March 2010 and has a 50% interest in Block L (Figure 2). Block L covers an area of approximately 2,200 sq km, is mainly onshore and is in close proximity to existing infrastructure, including LNG and Methanol plants.

Block L contains the Jerudong Field which produced oil between 1956 and 1962, after which it was shut-in due to uneconomic rates at that time. Additionally, a large gas field (Bubut) was recently discovered on an adjoining block near the boundary of Block L (Figure 3).

### Regional Hydrocarbon Significance

Brunei is one of Asia's most prospective and productive hydrocarbon regions and is currently Asia's third largest oil and gas producer. The predominately onshore Seria Field (located approximately 20 kilometers from the Block L boundary) was discovered in 1929 and has produced over 1 billion barrels of oil and is still producing. In addition, Brunei has many large offshore oil and gas fields currently producing (e.g. Champion, SW Ampa).

While the reserves in Brunei are large, the fields are complicated with many reservoir levels, many hydrocarbon compartments, and variable hydrocarbon types. Consequently, a number of wells may be required for production.

Onshore Brunei has been relatively under explored since a shift to predominately offshore exploration after the late 1950's, when the first offshore wells were drilled. Modern exploration techniques such as 3D seismic have shed considerable light on the prospectivity in Block L and significantly reduced exploration risk.

The Lempuyang prospect is defined on 3D seismic and is one of many large features defined on the Tutong 3D seismic which could underpin a likely gas development in the area. The two nearest offset wells to Lempuyang-1 (Birau-1 and Birau-2), both encountered significant gas influxes/kicks at the top of the same clinoform package that are expected to be intersected by Lempuyang-1. The Birau wells were drilled and abandoned in 1969 and targeted oil rather than gas, because at the time there was little interest in gas exploitation.

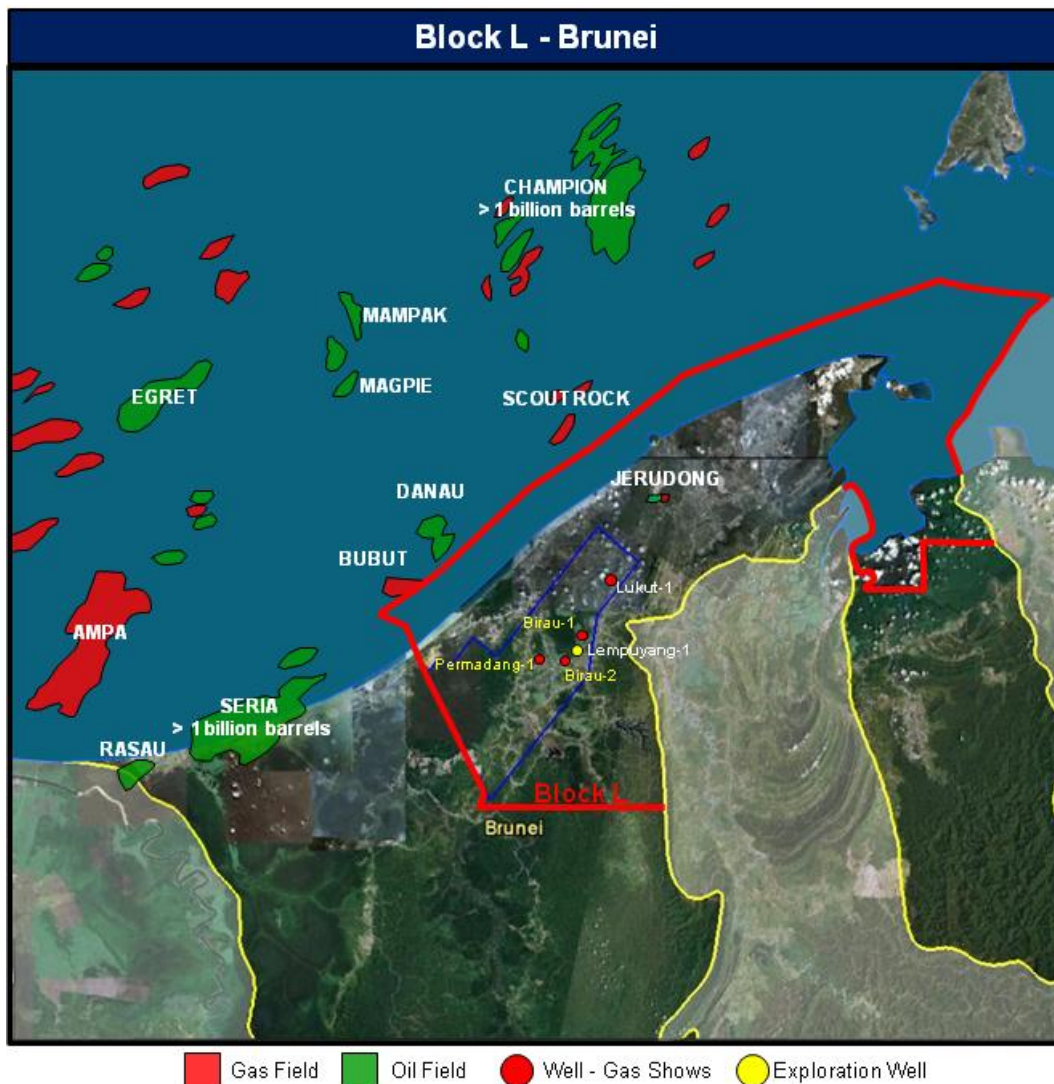


Figure 3: Location map of Block L, Brunei Darussalam and surrounding oil and gas fields.

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