



5 September 2011

## **NEWS RELEASE** **West Mailisu #2 Update**

**Perth, Western Australia:** Caspian Oil & Gas Limited (ASX: CIG) reports that oil has been recovered from its West Mailisu #2 well. The West Mailisu #2 well is on Caspian's 100%-owned West Mailisu licence in the Kyrgyz Republic, Central Asia.

When the compression equipment required to test flow rates was delayed again, Caspian decided to run a low-volume mechanical pump into the well to confirm the presence of moveable oil. Using this method a small volume of oil (about 10 bbls - equivalent to the pump capacity) was pumped from the well bore. The oil was essentially water-free and appears to be heavy crude (API < 20°). Laboratory tests have been requested to confirm these observations. During the test, pumping fluid levels were monitored and remained essentially static with a head of about 840m during the period of pumping operations.

To obtain an understanding of potential flow rates, which is required to size pumping equipment and facilities for the well, the services of a large air compressor is still required. A unit has been sourced from Kyrghzneftigaz (the National Oil Company), and is expected on site early this week.

While commerciality of the discovery has still to be determined, initial estimates suggest that there is a potential mean recoverable resource of 1.0 million barrels, with an upside case of 2.2 million barrels of oil within Bed III of the West Mailisu structure.

The West Mailisu prospect lies adjacent to the Mailisu IV oil field, which has produced more than 42mmbbls of oil.



**Figure 1- West Mailisu # 2 well site**

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Figure 2- Oil from West Mailisu # 2 well

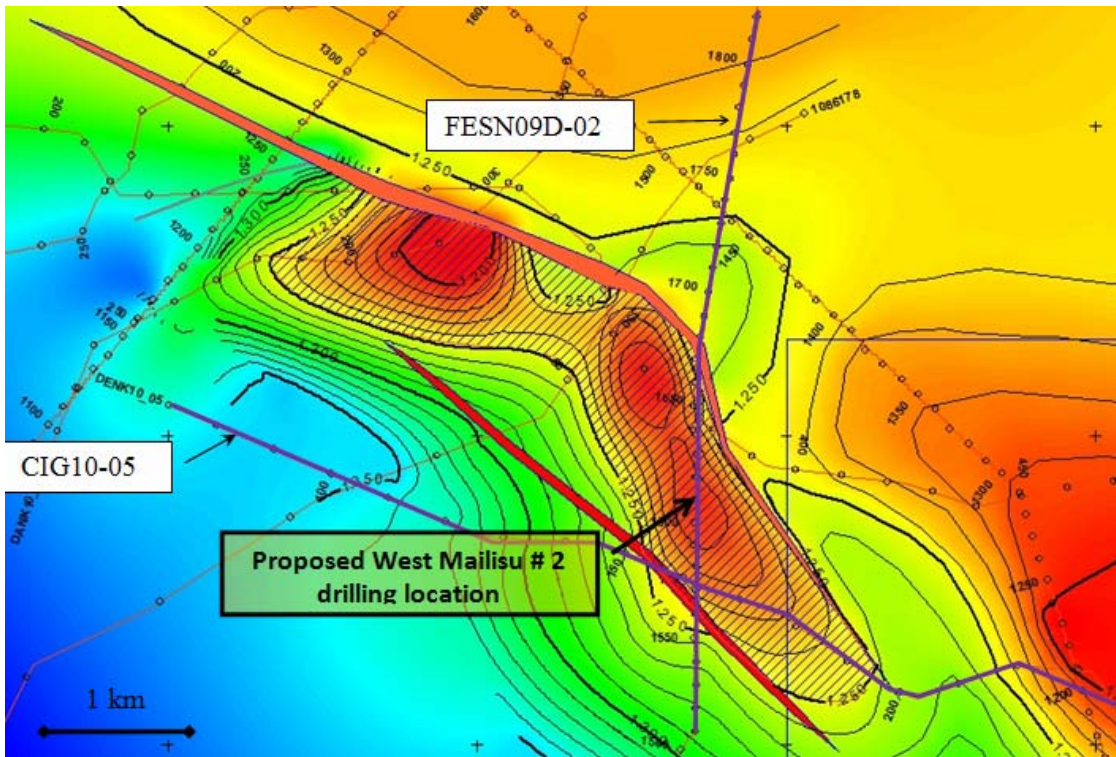


Figure 3 - Time structure Map top Eocene Carbonates

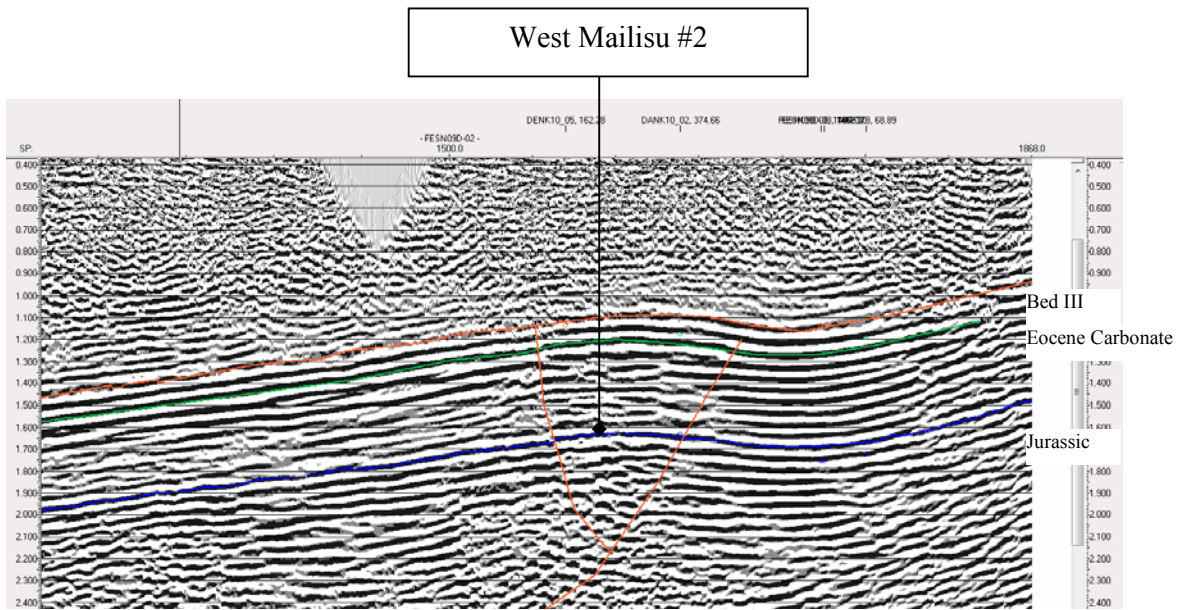


Figure 4 - Seismic Line FESN09-02

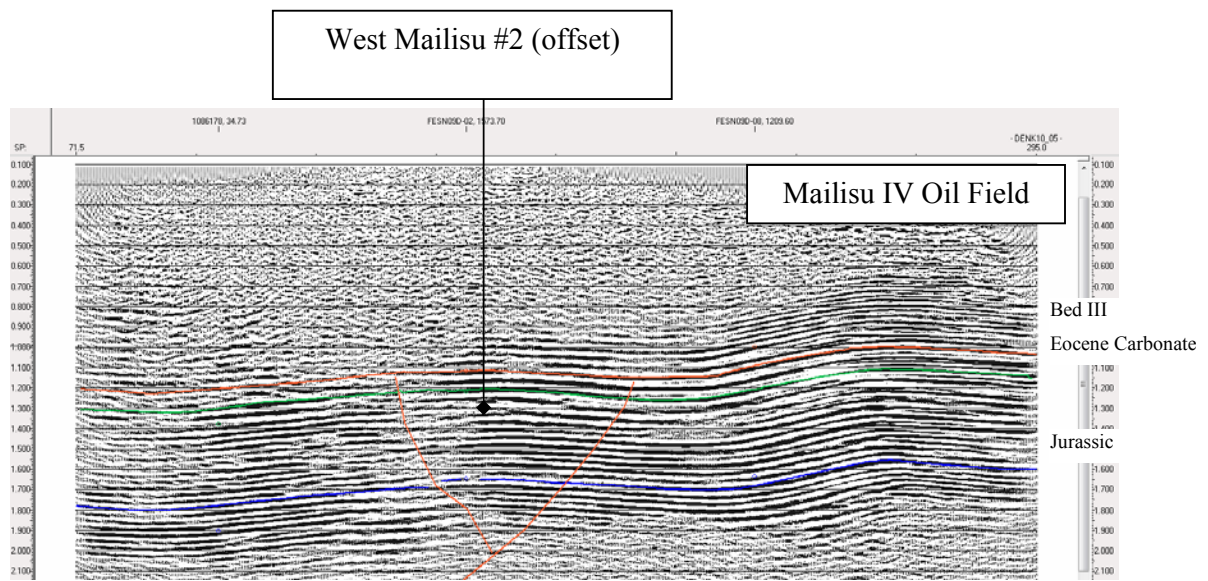


Figure 5 - Seismic Line CAS10-05

*Graeme Parsons*

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## Background

Caspian Oil & Gas, through its subsidiaries JSC Textonic (Caspian equity 100%) and South Derrick LLC (70% equity), holds a number of licences in the Fergana Basin, giving it a significant exploration position within the Kyrgyz Republic (see location map below).

Caspian operates its own 650hp drilling rig (pictured) in its Kyrgyz operations.



**Location Map of Caspian Licences in the Kyrgyz Republic**

**More information is available on the Company's website [www.caspianogl.com](http://www.caspianogl.com)**

*The information in this report that relates to oil and gas exploration results and hydrocarbon reserves is based on information compiled by Mr Graeme Parsons, who is a petroleum geoscientist. Mr Parsons is a Director and full-time employee of the Company. Mr Parsons has more than 30 years' experience in this discipline and he consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*