



## **COMPANY ANNOUNCEMENT**

**21<sup>st</sup> December, 2010**

### **OHAI COAL SEAM GAS PILOT PROJECT UPDATE**

L&M Energy Limited (LME) is pleased to announce that the first Ohai pilot well, OM#5 has reached surface casing depth of 126m with 9-5/8" diameter steel casing now installed and cemented in place.

Drilling will resume in January 2011 when OM#5 will be drilled out through the surface casing to a total depth of approximately 750 metres.

OM#5 is the first stage of a pilot project that will utilise a lateral completion method, a technique which has been highly successful in a number of commercial CSG projects internationally. The lateral section of the well is targeting the extensive and gassy Morley 2 seam, which can measure up to 23m in net thickness.

The pilot project follows on from the recent 3P reserves upgrade to 274 PJ and forms a key part of the Company's 2P gas reserves campaign which is aimed at independently certifying New Zealand's first tranche of 2P CSG reserves.

**ENDS**

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#### **About L&M Energy Limited**

L&M Energy Limited is a New Zealand based company dual listed on the ASX and NZX stock exchanges focused on the development of commercial coal seam gas resources and discovering major conventional oil and gas resources. The Company holds equity interests in over 10,000 km<sup>2</sup> of exploration acreage contained within nine exploration permits within New Zealand and is well funded for its current work programmes.



