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Australian Securities Exchange Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

## Tindalo Operations Update

Nido Petroleum Limited (Nido), as Operator of Service Contract 54A (SC 54A), is pleased to provide a status update on the continuing Extended Well Testing (EWT) at Tindalo.

The well testing results so far have confirmed:

- The pre-production oil-in-place estimates (most likely 11 million barrels), including confirmation of a 135m-140m oil column, are supported by testing and buildup pressure data;
- The production processing equipment is now functional after experiencing commissioning delays relating to treatment of the produced water;
- Tindalo-1 is able to consistently produce at 16,000-18,000 barrels of fluid per day with the use of the ESP;
- Over the last two weeks, whilst online, oil production has averaged 4,000-5,000 barrels oil per day.
- A workover program is planned to take place which is expected to increase the amount of oil produced and decrease or eliminate the watercut which is currently approximately 70-80% of total fluid production.

Other highlights are:

- More than 135,000 barrels of oil has now been produced and is stored aboard the FSO;
- The immediate forward plan is to maintain production ahead of the first crude oil sale scheduled for mid-August which is expected to be for approximately 200,000-250,000 barrels;
- A workover of Tindalo-1 is being planned as the next step in the EWT program with execution in mid to late-August. Hardware for this purpose has been purchased and is currently mobilising;
- The workover will be undertaken by the rig currently being used for the EWT, hence considerably reducing cost and risk.

Following analysis of the testing data acquired to date, it has been confirmed that the formation water production is being produced from either:

- A flow path to the aquifer behind the production casing and within the wellbore, or
- A high permeability, high angle fracture(s) with direct access to the aquifer associated particularly with this well location.

Neither scenario is uncommon in fractured, vuggy carbonate reservoirs and both can be mitigated with a workover.

The workover design for Tindalo-1 is to enter the well and diagnose the water source using wireline logging techniques prior to either re-cementing or re-perforating and is expected to take approximately 2 weeks. This proposed workover will utilise the jack up rig "Aquamarine Driller" already on site and with access to the well. This flexibility was a critical consideration of the overall concept selection and design of the Tindalo development thereby significantly reducing the operational risk, cost and schedule impact to the project of this workover.

The workover is anticipated prior to end-August and equipment is currently mobilising to site for this purpose. We expect that a successful workover will increase oil production by a significant reduction or elimination of the watercut whilst maintaining a sustainable high fluid production rate.

Marketing for the Tindalo crude oil is progressing, with the preliminary assay indicating a high value product in comparison to its peers and potential buyers within the region showing genuine interest.

Yours sincerely



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