

14 October 2013

## **ASX ANNOUNCEMENT**

### **Indonesian Drilling Program to commence in November 2013**

#### **Highlights:**

- Two well plus sidetrack drilling program to commence in November using the Hakuryu 11 jack-up rig
- Drilling Balqis-1 exploration well plus Boni-1 sidetrack in the Baronang Production Sharing Contract (PSC)
- Gobi-1 exploration well in the Gurita PSC to follow thereafter
- All long-lead items and key contracts have been secured for the program
- Jack-up rig secured through a long-term rig-share arrangement between PSC Operator Lundin Petroleum and Premier Oil
- Directorate General of Oil and Gas (MIGAS) has approved the transfers of the 3 PSC interests

Nido Petroleum Limited (ASX: NDO) ("Nido" or the "Company") is pleased to provide the following update on the upcoming Indonesian drilling campaign in the Baronang and Gurita PSC's operated by Lundin Petroleum ("Lundin") on behalf of the respective PSC joint venture partners.

#### **Government Approval of Transfer of PSC interests**

Nido has received government approval from MIGAS of the transfer of the 10% participating interest in each of the Baronang, Gurita and Cakalang PSCs.

#### **Drilling Timetable**

Lundin has advised that the JDC owned Hakuryu 11 jack-up rig is expected to be released to the Lundin operated Joint Venture for the drilling program in the Baronang and Gurita PSC's, Republic of Indonesia during November 2013.

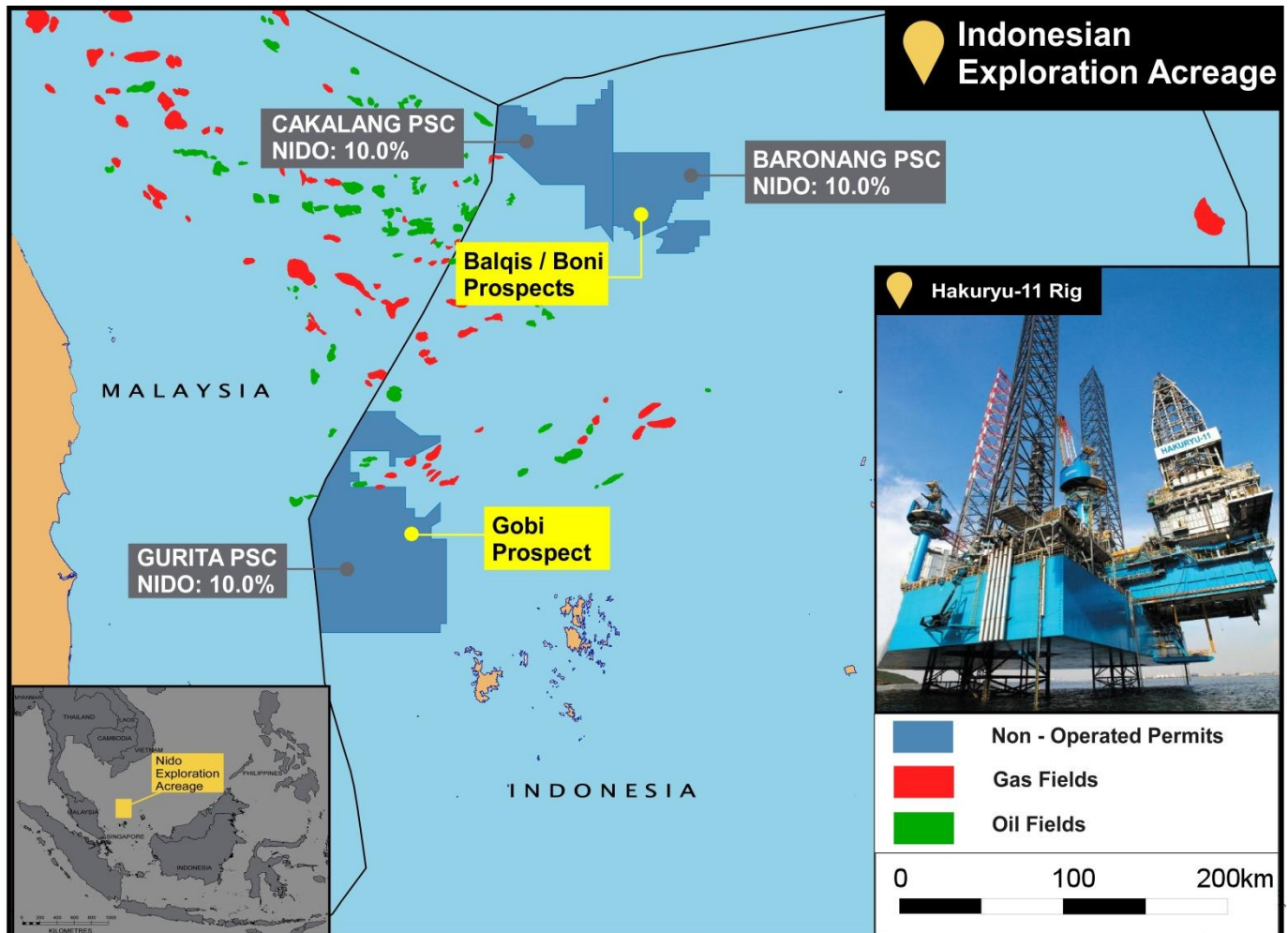
The rig has been made available through a long-term rig-share agreement between Premier Oil and Lundin Petroleum. Under the terms of this agreement, Lundin has secured the first wells on the rig-share drilling sequence, with a further two options slots available to Lundin/Nido in 2014/15.

It is anticipated the Hakuryu 11 rig will be mobilised from its current operation in Vietnam to the Baronang PSC, where it will commence drilling the Balqis-1 exploration plus Boni-1 sidetrack. Following the drilling in Baronang, the rig will then move to the Gurita PSC where it will drill the Gobi-1 exploration well.

In the event the Hakuryu 11 rig is released after November for any reason, the Gobi-1 exploration well will need to be re-sequenced to the second half of 2014.

Nido's Managing Director, Mr Phil Byrne stated: "I am looking forward to the commencement of the drilling campaign in Indonesia. This is an exciting time as these wells mark the commencement of an intense period of operational activity for the Company that will see two exploration wells and a side-track drilled in Indonesia and an exploration well drilled in the Philippines through to the second half of 2014".

### Location Map



Further updates regarding the Indonesian drilling program will be provided by the Company in due course.

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## **Background Information**

### **Baronang PSC:**

The Balqis-1 exploration well plus Boni-1 sidetrack is located along a prominent NW-SE trending wrench fault system located in the central part of the PSC. The structural trend is located immediately west of a deep graben interpreted to contain mature oil prone syn-rift source rocks. The play concept being tested by the two wells is analogous to the producing fields in the adjacent Kakap PSC.

The Balqis-1 exploration well will test the oil potential of the primary Upper and Lower Gabus Formation sandstones in a 3D defined structural closure. Estimated prospective resource potential for the Gabus Formation reservoir objectives are 47 mmbbls (best case, gross, unrisked).

The Boni-1 Prospect will be drilled as an exploration side-track from the Balqis-1 wellbore. The objective of the Boni-1 well is to test the oil potential of the Lower Gabus Formation where it onlaps the Balqis Basement high and forms a large stratigraphic trap. Estimated prospective resource potential for the Lower Gabus Formation reservoir objective is 55 mmbbls (best case, gross, unrisked).

### **Gurita PSC:**

The block is located adjacent to number of major oil and gas fields such as the Belida Field to the north-east of the Gurita PSC which had ~350 mmbbls reserves and peak production of 140,000bopd.

Operator's 3D seismic mapping has identified a large portfolio of Prospects and Leads from which the Gobi Prospect has been high-graded for drilling. The Gobi-1 exploration well will test the oil potential of multiple reservoir objectives within the Lower Arang, Udang, Gabus and Belut Formations located within a 3D defined structural closure. Estimated prospective resource potential is estimated by Nido at 24 mmbbls (best case, gross, unrisked).