JAN. 8, 1986

450464 3.40

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TELEX NO. 628

RE: PELICAN-5

THE FOLLOWING STOCK EXCHANGE RELEASE WAS MADE TODAY.

'' THE SYDNEY STOCK EXCHANGE LTD.

RE: BASS BASIN DRILLING PROGRAMME

CUE PETROLEUM GROUP N.L. HAS BEEN ADVISED BY THE OPERATOR OF T22P AMOCO AUSTRALIA PETROLEUM COMPANY, THAT THE PELICAN-5 WELL IS AT A DEPTH OF 1887 METRES AND DRILLING AHEAD, HAVING SET 13 3/8'' CASING TO 1754 METRES.

PELICAN-5 IS SITED SOME 2 KM NORTH EAST OF THE MID POINT BETWEEN THE PELICAN-1 AND PELICAN-4 LOCATIONS, APPROXIMATELY 80 KM NORTH OF BURNIE. THE WELL WILL TEST THE LOWER EOCENE GAS/CONDENSATE AND LIGHT OIL BEARING RESERVOIRS ENCOUNTERED TO 3050 METRES IN PELICAN-1. THE WELL HAS A PROPOSED TOTAL DEPTH OF 4267 METRES WHICH IS EXPECTED TO TEST THE PALEOCENE AND POSSIBLY THE UPPER CRETACEOUS SOURCE AND POTENTIAL RESERVOIR SECTIONS.

PELICAN-5 IS IN A STRUCTURALLY LOWER POSITION THAN THE PREVIOUS WELLS BELOW ABOUT 2500 METRES, THE TOP OF THE HYDROCARBON BEARING INTERVAL, THIS LOCATION FAVOURS THE INTERSECTION OF OIL LEGS TO THE GAS/ CONDENSATE ACCUMULATIONS, A SITUATION RECENTLY PROVEN TO EXIST IN THE BASIN AT YOLLA-1.

GAS/CONDENSATE RECOVERED FROM FORMATION/INTERVAL TESTS IN PELICAN-1 AND PELICAN-4 AVERAGE IN EXCESS OF 200 BARRELS PER MILLION CUBIC FEET.F.I.T.S., ELECTRIC LOGS AND GAS CHROMATOGRAPH ANALYSES SUPPORT THE EXISTENCE OF OIL IN THE LOWER PARTS OF THE TWO THICKEST SANDS (30-40.EACH) OF THE NINE MAJOR HYDROCARBON BEARING SANDS ENCOUNTERED IN THE PREVIOUS WELLS.

PELICAN-5 HAS AS OBJECTIVES THE ESTABLISHMENT OF THE PRESENCE OF OIL AND THE LIQUID PROPORTIONS OF GAS/CONDENSATE RESERVOIRS. IT IS NECESSARY THAT PRODUCTION TESTING OF THOSE UNITS NOT PREVIOUSLY UNDERTAKEN AT PELICAN BE CONTINUED TO ESTABLISH FLOW RATES OF OIL AND LIQUID RICH GAS/CONDENSATE IN ORDER TO ADVANCE TOWARDS COMMERCIALITY.

CUE PETROLEUM GROUP N.L. HAS A 12.5% INTEREST IN T22P.

ON BEHALF OF THE BOARD
CUE PETROLEUM GROUP N.L.

D.B.HILL
SECRETARY''

REGARDS

JOHN DAVIDSON

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TASROK AA58276
PETCON AA57229

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