



Kea Petroleum plc
("Kea" or the "Group")

Kea finds Oil

Kea Petroleum plc advises that its Wingrove-2 well in the onshore Taranaki Basin, New Zealand, has now reached its Target Depth of 1630m and has intersected oil pay.

Preparation is now being made to run casing as the first step in completing the well as a potential oil producer.

A net total of approximately six metres of oil-bearing sandstones has been identified over the interval from 1100 to 1300 metres depth along hole, from analysis of electric log, rock cuttings and mud log data.

In addition, very high levels of hydrocarbon gasses, indicative of the presence of oil, are observed below 1450m. These consist of discrete gas peaks superimposed on a high and continuous background level, while a pervasive oil sheen is observed on various cuttings samples over this interval. This is considered to be indicative of oil in open fractures in the vicinity of the well-bore, most probably associated with mapped faults which plumb down through the reservoir sequence of the adjacent and deeper oil field. This interval will also be tested in the upcoming production test programme.

The Company will now specify and procure necessary surface and down-hole equipment for long term production and sale of oil. This will include custom designed down-hole heating equipment to ensure flow integrity of the anticipated high pour-point oil, and gas 'frac' equipment to enhance the flow capability of what are high quality but individually relatively thin reservoir sandstone beds.

It is anticipated that production testing will commence within the next six months.

The rig will complete Wingrove-2 operations in the next few days, and will then be moved to the Beluga-1 well site.

Kea Chairman Ian Gowrie-Smith said:

"We are very pleased to have encountered oil in Wingrove-2, and with a deeper oil production 'upside' which will be tested at the time of completion of this well as a producer. In a very short time we have gone from an exploration company to one expecting to be in production within the next six months and we still have the rest of our drilling and exploration programme in front of us."

This release has been approved by non-executive director Peter Mikkelsen FGS, AAPG, who has consented to the inclusion of the technical information in this release in the form and context in which it appears.

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