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Manager Announcements  
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SYDNEY NSW 2000

### **Almond Grove gas well suspended after encountering mechanical difficulties**

Solimar Energy Limited ("Solimar")(ASX Code: SGY) advises that the Almond Grove 4-13 has been suspended due to mechanical reasons after encountering gas and reaching a depth of 3,092 feet. The well has discovered gas in an interval that was shallower than expected but is now interpreted to match the main target zone identified on seismic. The top of that zone was at 2,710 feet at which point gas readings of over 1800 units were recorded. The well was drilled deeper and other zones with gas indications were also encountered.

While running a wiper trip to improve hole conditions the well kicked with an influx of gas of over 6000 units which required the well to be shut in while mud weights were raised to over 14 pounds per gallon. Following this well control activity, the drill string became stuck with the bit at 2,708 feet and attempts to free it have been unsuccessful.

A decision has been taken to cement the well back to the 7 inch casing shoe at 2,252 feet and suspend the well. Solimar is now evaluating a re-entry of the well bore and drilling a sidetrack well to test the gas zone intersected below 2,710 feet. Consideration at the time may also be given to drilling on to evaluate deeper objectives indicated by the post well revised interpretation of the seismic data.

The result to date at the Almond Grove 4-13 well is very important as it confirms the presence of gas on the extensive and previously untested, western side of the Southeast Lost Hills (SELH) gas project area. This area is separated by a distinctive NNW - SSE trending fault from the area in which the other gas productive wells previously brought online by Solimar (the Jack Hamar 2-13 and 3-13) are located. With the benefit of the 4-13 results, a number of other prospective appraisal /development well locations can now be considered for drilling with much higher confidence over Solimar's large acreage position.

The drilling problem that led to the suspension of the well is very disappointing, however, it was caused by a larger than expected encounter of gas in what could now be interpreted as the primary target in the well. The discovery of gas at Almond Grove 4-13 has significantly upgraded the prospectivity of the SELH project area by proving Solimar's extended acreage position is gas charged. Solimar will now evaluate the best ways to bring the gas discovered at 4-13 into production as well as plan for additional near term drilling opportunities at SELH.

Suspension operations are expected to be complete within a few days and the rig released.

Commenting on the well results Solimar Executive Director John Begg said;

*“This well has confirmed that the gas accumulation at SELH is extensive and together with the successful tests of gas in the 2-13 and 3-13 proves that we can identify the gas zones directly from seismic. This is a significant advantage for the future determination of the potential of the project and a number of follow up well locations will now be considered for drilling. The challenge remains however to get the drilling and completions correct in order to prove that the gas zones can be brought on stream and kept on stream in a cost effective manner”*

Yours sincerely

A handwritten signature in black ink that reads "Frank Petruzzelli". The signature is written in a cursive, flowing style.

Frank Petruzzelli  
**Chairman**  
Solimar Energy Limited

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