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Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Via electronic lodgement

Southeast Lost Hills Gas Project - Test Program Update

Nuenco is pleased to confirm that progress is continuing with the testing program at its Southeast Lost Hills Gas Project (SELH) in the San Joaquin Basin in California. Nuenco is developing the SELH project with its 50% partner and operator Livingstone Energy Inc (the wholly-owned US subsidiary of ASX listed Solimar Energy Limited, ASX: SGY).

Testing Program Status

After the successful completion of the recent flow tests on Jack Hamar 3-13 as announced on 5 December 2007, the Joint Venture has completed and submitted data required to commence discussions for commercial gas off-take from section 13 to the major local gas companies starting with the 3-13 well. A testing rig has also been located and is scheduled to commence activities on the other section 13 gas wells in January 2008. Further, the joint venture is now planning to appoint a Reservoir Engineer to develop a reserves report on the gas discovered by 3-13 and this work may extend to the other wells depending on testing results. The Jack Hamar area has four completed wells with multiple gas zones in each well that will be tested over the coming month. The SELH Joint Venture is aiming to test and complete the best zones in each well.

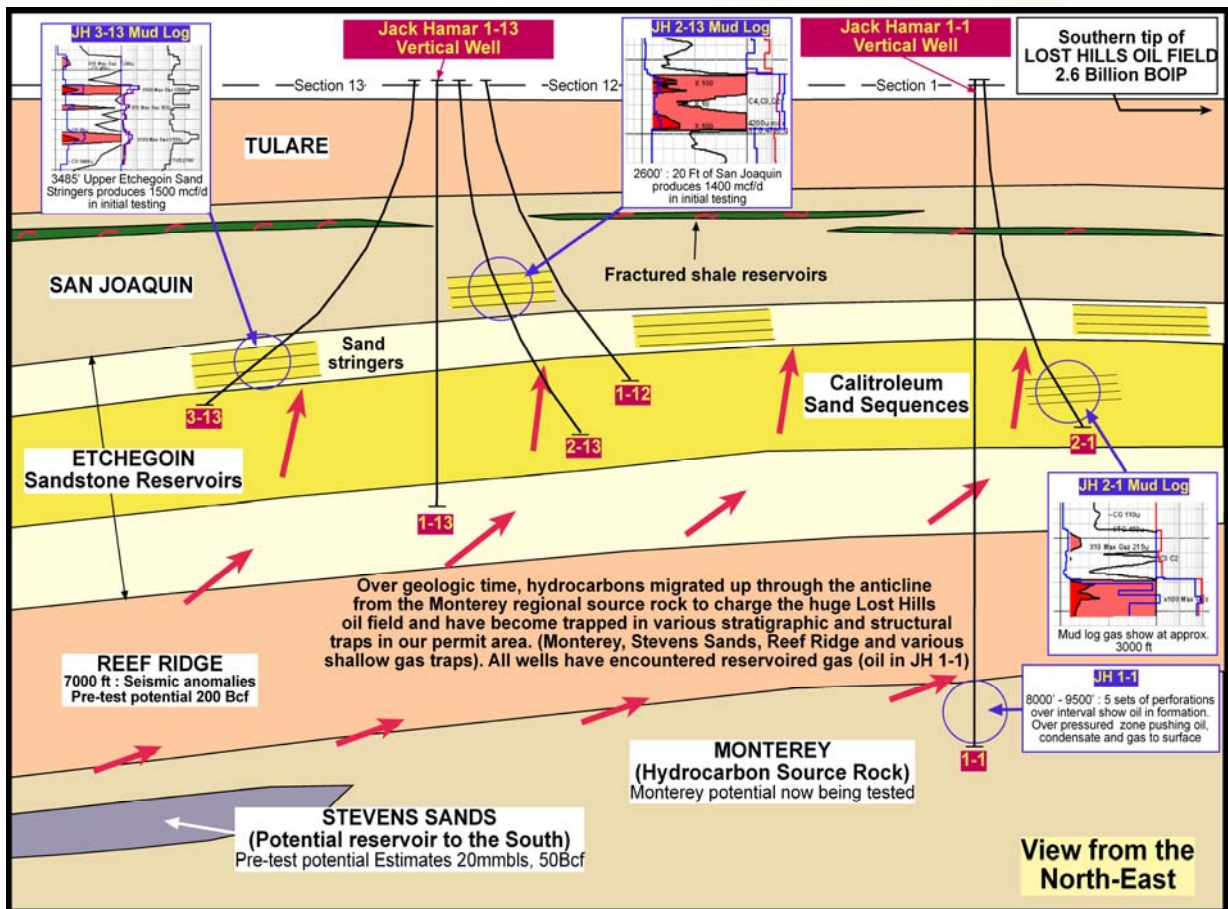
Commercial Potential

The commercial objective at SELH is to prove up and produce from the discovered gas accumulation in the shallow Pliocene reservoirs that has been identified by drilling on SELH to date. High gas prices and strong increasing gas demand in an area that contains abundant infrastructure, enhance the commercial development potential for this project and there is real interest and capacity to take the gas produced at SELH into gas sales pipelines close to this development.

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Achieving commercial gas production from SELH is a high priority for the SELH Joint Venture partners and testing to date has provided confidence this can be achieved in the near term.

South East Lost Hills Project Showing Jack Hamar Gas Wells



ANTHONY KAIN
Managing Director

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