



Cue Energy Resources Limited

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DATE : 21 December 2009 PAGES (including this page):4

FROM : Andrew Knox

RE : **NZ's Largest Oil Field Now Fully Operational**

Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads 'Andrew Knox'.

Andrew M Knox
Public Officer



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RELEASE

NZ's Largest Oil Field Now Fully Operational

OMV, the operator of the Maari field, has made the following release today;

NZ's largest oil field now fully operational

- **Drilling rig readied for departure**
- **Production at Maari tops five million barrels**
- **On course for new oil from Maari and Manaia fields**

The ENSCO 107 jack-up rig is being readied for departure from New Zealand today following the completion of its work on the Maari oil field project.

"It is very satisfying to get to this point. We are now able to fully concentrate on the production phase of Maari without interruption from drilling activities," said OMV New Zealand Managing Director Wayne Kirk.

The rig was towed from Taranaki to Admiralty Bay near Nelson over the weekend. This morning, starting at 0800 hours, it will be floated on to the specialist heavy transport vessel the 'MV Target' before being transported to Singapore. The dramatic manoeuvre involves the ship partially submerging to allow the rig to be towed into place onto its deck, before resurfacing and lifting the rig, rather like a dry dock.

"This is an important milestone for us as it marks the formal completion of the Maari drilling campaign which began in November 2008."

Over five million barrels of oil have been extracted from Maari since production began in February 2009, making it the country's largest oil field and OMV the largest liquid hydrocarbons producer in New Zealand.

A workover unit is now being installed on the Maari wellhead platform – a small drilling rig- like structure which will allow repairs and maintenance of the Maari wells to be undertaken when needed.

“Once the unit is operational in the first quarter of next year our activities at Maari will be centred on the floating production offshore and storage vessel, the Raroa, which is anchored 1.5km from the Maari wellhead platform.”

The vessel, which has a rotating crew of 27, receives Maari oil from the wellhead platform via subsea flow lines.

The ENSCO rig initially drilled eight wells at Maari – five production wells and three water injection wells. This was supplemented by drilling two further wells at Maari, the M2A well and the Manaia-1 well into the nearby Manaia structure located south west of Maari.

The Manaia-1 well is the longest ever drilled in New Zealand at a distance of nearly eight kilometres or eight times the length of the Auckland Harbour Bridge.

Both wells are expected to begin production in the first quarter of next year.

“This additional oil gives us added confidence that we can keep producing from Maari over the next 10 to 15 years.”

Latest trade figures show oil is New Zealand’s fifth largest export ahead of seafood and wine, totalling \$1.7 billion in the 12 months to September 2009. Maari oil now accounts for the bulk of this as volumes from the nearby Tui Field are declining.

“This has been a challenging few years for the project and it’s a tribute to our staff, contractors and partners that Maari is a resounding success and one that is bringing great benefits to New Zealand,” said Mr Kirk.

Maari Oil Field

- Estimated reserves of 50 million barrels with an expected life of 10-15 years.
- Plateau production of 35,000 barrels of oil a day (production began in February 2009)
- Additional reserves have now been tapped, from both ‘M2A’, 50m above the Maari oil bearing sands, as well as Manaia, 10km south-west of Maari.

Wellhead Platform Tiro Tiro Moana

- Weighs 10,000 tonnes and stands 150m tall – half the height of Auckland’s
- Sky Tower. Sits in 100m of water. The workover unit being installed will enable any needed repairs of the downhole equipment, such as the electric submersible pumps, as well as any required drilling intervention work.

FPSO Raroa

- Central production facility to separate the production mixture coming from the wells into oil, gas and water and stores oil before load-out to tankers.
- Storage capacity ca. 600,000 barrels (1.5 million average car petrol tanks).
- Oil is offloaded at regular intervals to tankers for transport to refineries about once a fortnight.

Maari Participants

- Cue Taranaki Pty Ltd 5%
- OMV NZ Ltd (Operator) 69%
- Todd Maari Limited 16%
- Horizon Oil International Limited 10%
- *(a wholly owned subsidiary of Horizon Oil Limited (HZN))*

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email mail@cuenrg.com.au



Robert J Coppin
Chief Executive Officer

21 December 2009