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## Cue Energy Resources Limited

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DATE : 5 January 2006

PAGES (including this page):3

FROM : Andrew Knox

RE : **Restructuring of Interest in Jeruk Field**

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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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## Cue Energy Resources Limited

A.B.N. 45 066 383 97

### **RELEASE**

#### **Restructuring of Interest in Jeruk Field**

Cue Energy Resources Ltd ("Cue") (ASX Code: CUE) is pleased to announce that it has entered into a restructuring of its interest in the Jeruk field area (only) of the Sampang PSC, Indonesia. Cue has entered into an agreement with Medco Strait Services Pte Ltd ("Medco"), a subsidiary of PT MedcoEnergi Internasional Tbk, to share the costs and revenue in respect of the Jeruk field, which has the effect of negating 90.9% of any future Jeruk in kind premium due by Cue (being that portion of the premium due to Medco).

The obligation to pay an in kind premium arose as a result of Cue reinstating its rights following the drilling of two sole risk wells on the Jeruk structure previously funded solely by Santos and Medco.

In return for Medco reimbursing the above premium Cue has transferred 6.818182% out of its 15% interest in the Jeruk discovery to Medco.

This effectively negates the requirement for Cue to forego production to the value of approximately USD50 million out of Cue's share of first production from Jeruk and allows Cue to participate in first cash flow from Jeruk.

In addition, Medco will reimburse Cue in cash for the Medco proportional share of the past Jeruk expenditures and working capital, cash called and paid up, equating to approximately USD6m.

Singapore Petroleum Company Limited (SPC) has entered into a similar pro rata arrangement with Medco.

#### **Cue Comment**

Cue views the agreement with Medco as an excellent outcome for the company in that;

1. It provides Cue cash flow from first Jeruk production,
2. It provides prorata reimbursement of past costs,
3. It more closely aligns the interests of the Jeruk participants and
4. Cue retains its full 15% interest in the remainder of the promising Sampang PSC.

Cue understands that the Jeruk 3 well will begin drilling later in January, 2006 and that an additional Jeruk 4 well is planned for 2006. Santos has announced that early production is the goal for the field.

The new economic interests in Jeruk prior to participation by any Indonesian participant in the Sampang PSC are as follows;

Santos	45% (Operator)
Medco	25%
SPC	21.81818%
Cue	8.181818%

Cue's interest in the rest of the Sampang PSC, including the Oyong development, remains unchanged at 15%.

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



Robert J Coppin  
Chief Executive Officer

5 January 2006