

## L&M Completes Offshore Seismic Survey in Solander Basin

19 June 2006 - L&M Petroleum completes offshore Solander Basin seismic survey to close five-basin seismic campaign around New Zealand for Pacific Titan.

L&M Petroleum has successfully completed a 1000km seismic survey in the offshore Solander Basin at the south west corner of the South Island, Greg Hogan, managing director L&M Group said.

The Solander Basin is one of the West Southland sub-basins and lies just south of Fiordland. The last well to be drilled in the basin was Solander-1 in 1985.

The seismic data was acquired by the ship Pacific Titan, owned by Multiwave Geophysical of Norway. The work for the private Christchurch-based company L&M Petroleum in its 4450 sq km PEP 38228 was the final act in the vessel's multi-company seismic campaign in New Zealand waters.

Pacific Titan has spent five months acquiring approximately 10,000 km of seismic for nine operators over five offshore basins as the drive to accelerate exploration in areas outside of the Taranaki Basin increases. The campaign covered permits in the Taranaki, East Coast, Canterbury, Great South and Solander basins. The largest single survey was the 3300 km Great South Basin acquired for the Crown Minerals survey: DUN06.

L&M Petroleum said in an earlier press release that the Solander Basin survey was estimated to cost NZ\$2 - \$3 million. The company has already reprocessed and reinterpreted of 3000 km of seismic data from earlier surveys.

Four large prospects and numerous leads were identified and the recent survey has been designed to enhance some of the larger targets prior to drilling, L&M said.

The PEP 38228 permit lies in water depths of 50 to 1200 m and covers part of the Solander Basin, a major tectonic feature with up to 7500 m of Cretaceous and Tertiary sediments.

In a farmout document published on the company's website, L&M says it is seeking partners to participate in the exploration and development of PEP 38228. "We wish to farmout a majority interest in and operatorship of the permit to a qualified offshore operator".

The farmout document also says three of its Solander prospects each have a potential recoverable resource of greater than 100 million barrels.

L&M Petroleum also holds other acreage in onshore western Southland. It operates two onshore areas PEP 38226 and 38230 covering parts of the Waiau and Te Anau Basins where seismic surveys and drilling programmes are in progress.

The first of two oil and gas exploration wells committed to in PEP 38226, Sharp Ridge-1, was drilled in February this year. Sharp Ridge-1 was abandoned with oil and gas shows in the Beaumont Formation coal measure sands. The second well is planned to be drilled before the end of November 2006.

The work programme also calls for the drilling of a number of coal seam gas wells in the same PEP 38226.

L&M Group holds a number of coal seam gas permits throughout the country, including one PEP 38220 at the Ohai coal fields, where the Beaumont Formation sub-bituminous coal measure forms a major coal resource. L&M last year estimated this permit contained 90-110 PJ of coal seam gas, so far the largest gas resource of any of its permits.

To the east of Ohai at Winton, L&M holds another coal seam gas permit PEP 38235 where it has drilled six exploration holes and where preliminary analysis indicates gas presence in the sub-bituminous Mako coal measures.

Sources: L&M Petroleum release, interview Greg Hogan confirming completion of offshore survey, L&M farmout document currently on website, L&M coal seam gas info on their website, PEP 38226 work programme.