



17th June, 2014

ASX Market Announcements

MALOLOS-1: INCREASE IN OIL PRODUCTION
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines

Gas2Grid Limited is pleased to advise that Malolos-1 has recorded a very encouraging oil influx rate, following implementation of new remediation procedures to free the blocked perforations within the wellbore. The increased oil production rate indicates that the remedial work has had some success in clearing the perforations to allow an influx of oil from the reservoirs.

During last week the perforations have been subject to a cleaning process by the use of high-pressure water jets. Following that process the packer was re-set and the production tubing swabbed.

An oil influx was recorded when the fluid level was drawn down to 4,199 feet (1,280 metres) i.e. with approximately 2,850 feet (869 metres) of fluid still in the tubing, creating significant back pressure on the sandstone reservoirs. The oil influx caused a rise in fluid level in the tubing to 755 feet. The well was then swabbed most of yesterday with a sustained oil influx rate of 33 barrels of oil per day.

The Malolos-1 well has again demonstrated that it can produce oil at commercial rates. The well has previously produced approximately 200 barrels of oil per day on several occasions but only for short periods. Oil flow has been impaired when the perforations within the wellbore at the sandstone reservoirs become blocked with formation fines.

The well will continue to be tested to establish longer term oil production rates. If the oil production rate declines due to down-hole blockage the Company will make a decision on future operations, which might include further remedial work or suspension of test operations whilst various alternatives are considered to exploit the proven oil reservoirs.

Further Information

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