



**PANCONTINENTAL**

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## ASX Companies Announcement Office

18 May 2011

### **Pancontinental Signs Production Sharing Contracts for Blocks L10A & L10B Offshore Kenya**

- A consortium including Pancontinental has signed new Production Sharing Contracts over Blocks L10A and L10B offshore Kenya
- The consortium consists of BG Group plc, Premier Oil Investments Limited, Cove Energy plc and Pancontinental Oil & Gas NL
- A “fast track” seismic and drilling programme has been proposed

#### **Production Sharing Contracts for Kenya Blocks L10A & L10B**

Pancontinental Oil & Gas NL (ASX: PCL) (“Pancontinental”) is very pleased to announce that, together with three co-venturers and led by operator BG Group plc, it has signed new Production Sharing Contracts (“PSCs”) over offshore exploration Blocks L10A and L10B with the Government of Kenya. The signing ceremony with the Minister of Energy of Kenya and the consortium took place in Nairobi on 16 May 2011.

The new PSCs are the result of an offer by the Kenyan Ministry of Energy announced on 23 February 2011.

The new PSCs are additional to contracts over Blocks L6 and L8 already held by Pancontinental. The new areas more than double Pancontinental’s gross acreage position offshore Kenya. The proposed work programme includes 2D and 3D seismic surveying in the first phase and drilling in later phases. Pancontinental holds a 15% interest in each new PSC.

The consortium consists of-

	<b><u>L10A</u></b>	<b><u>L10B</u></b>
BG Group plc (operator)	40%	45%
Premier Oil Investments Limited	20%	25%
Cove Energy plc	25%	15%
<b>Pancontinental Oil &amp; Gas NL</b>	<b>15%</b>	<b>15%</b>

The L10A and L10B Blocks have respective areas of 4,962.03 sq km and 5,585.35 sq km and water depths of 200 to 1,900m, which is easily within the reach of modern drilling and development technology.

Mr Barry Rushworth, CEO and Director of Pancontinental commented-  
“Pancontinental is delighted to hold an interest in these new Blocks, and particularly to be working with a group of some of the most successful UK-based companies in the oil and gas business.

The entry of a number of major international companies offshore Kenya supports Pancontinental's long-held view of the significant oil and gas potential of its own Kenyan projects.

The exploration programme we have commenced is effectively a "fast track" to drilling in this highly promising exploration province.

Pancontinental looks forward to a successful joint venture."

Yours sincerely for and on behalf of  
**Pancontinental Oil & Gas NL**



**Barry Rushworth, CEO and Director**

*The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, Chief Executive Officer of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 25 years.*

*Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.*

