



PANCONTINENTAL Oil & Gas NL  
ACN 003 029 543

Ground Floor  
288 Stirling Street, Perth  
Western Australia 6000  
P O Box 8260  
Perth Business Centre  
Western Australia 6849

Tel: (61 8) 9227 3220  
Fax: (61 8) 9227 3211  
Email: [info@pancon.com.au](mailto:info@pancon.com.au)  
Web: [www.pancon.com.au](http://www.pancon.com.au)

## ASX Companies Announcement Office

16 February, 2011

### **Block L8, Lamu Basin, Kenya – Origin Energy Conditional Divestment to Apache Corporation**

The Operator of the L8 licence block in Kenya, Origin Energy Limited, has announced a farmout to Apache Corporation, a major US oil and gas company. Pancontinental has a 25% interest in the licence and is also talking to prospective farminees.

Origin Energy Limited, on behalf of its wholly owned subsidiary Origin Energy Kenya Pty Ltd (“Origin”) has advised that it has reached agreement with a subsidiary of US independent Apache Corporation (NYSE and Nasdaq: APA) (“Apache”), to divest a 50% interest in the Production Sharing Contract (PSC) for petroleum exploration and production pertaining to Block L8 in the Lamu Basin, offshore Republic of Kenya.

Origin currently holds a 75% interest in the PSC, with Pancontinental Oil & Gas NL (“Pancontinental”) holding 25%.

On completion Origin will be reimbursed US \$13.2 million in respect of past costs and Apache will become operator of the PSC. Apache will also meet an agreed component of Origin’s costs of an exploration well to be drilled in Block L8 on the Mbawa structure.

The agreement is subject to certain joint venture rights and to approvals by the other joint venture parties in Block L8, namely Pancontinental and its wholly owned subsidiary Afrex Limited and by the Kenyan Ministry of Energy. It is expected that these conditions will be satisfied and completion will take place by the end of June.

Offshore East Africa has become an industry focus for exploration as a result of recent deepwater gas discoveries and an oil discovery offshore Tanzania and Mozambique. Block L8 holds several attractive large exploration objectives. The largest of these is the Mbawa Prospect, a large but complexly faulted anticline mapped on 3D seismic data with potential for both oil and gas at inferred Cretaceous and Jurassic reservoir levels.

Subject to joint venture and government approvals interest holders in PSC Block L8 will become:

Apache	50%
Origin Energy Kenya Pty Ltd	25%
Afrex Ltd *	15%
Pancontinental Oil & Gas NL	10%

\*Wholly owned subsidiary of Pancontinental Oil & Gas NL.

Pancontinental also holds a 40% interest in adjacent licence area L6.

Mr Barry Rushworth, CEO and Director Pancontinental commented-

“We are very pleased to have a company of the stature of Apache entering one of our key Kenyan projects. The East African margin is becoming one of the world’s newest exploration hotspots and Pancontinental is very well placed with significant percentages in its Kenyan acreage.

Pancontinental offers exceptional leverage into the new Kenyan plays, and particularly the giant Mbawa Prospect that is planned for drilling in the next year. We look forward to the coming activities, including receiving the final Mbawa 3D seismic interpretation and the planning for Mbawa drilling that will soon commence in earnest”.

#### **ABOUT APACHE**

Apache Corporation is a major US independent oil and gas exploration and production company with a market capitalization of approximately US\$ 43 billion (A\$43 billion).

Apache is traded on the New York Stock Exchange (NYSE: APA ). Apache's proved reserves total approximately 2.2 billion barrels of oil equivalent, roughly half oil and half natural gas.

Founded in 1954, Apache has grown to be a large multinational company, with regional offices and operations in the United States, Argentina, Australia, Canada, Egypt and UK North Sea.

#### **ABOUT ORIGIN**

Origin Energy Limited is amongst Australia’s largest companies, with a market capitalisation of approximately A\$ 14 billion.

Origin listed on the Australian Securities Exchange in 2000 (ASX: ORG).

Origin is a vertically integrated major energy retailer, with ownership of significant oil and gas fields. It is one of Australia’s leading energy generators, suppliers and retailers. It is also a leading exploration company in Australia and New Zealand and has significant gas reserves, both conventional and in unconventional coal seam gas.

#### **ABOUT PANCONTINENTAL**

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX:PCL) and has a market capitalisation of approximately A\$ 40 million.

Pancontinental holds a 25% interest in L8 and a 40% interest in adjacent area L6.

The L8 area offshore Kenya holds the giant Mbawa Prospect, which is planned for drilling within the next twelve months. Mbawa has potential to easily contain more than one billion barrels of recoverable oil or several trillion cubic feet of natural gas or some combination of the two.

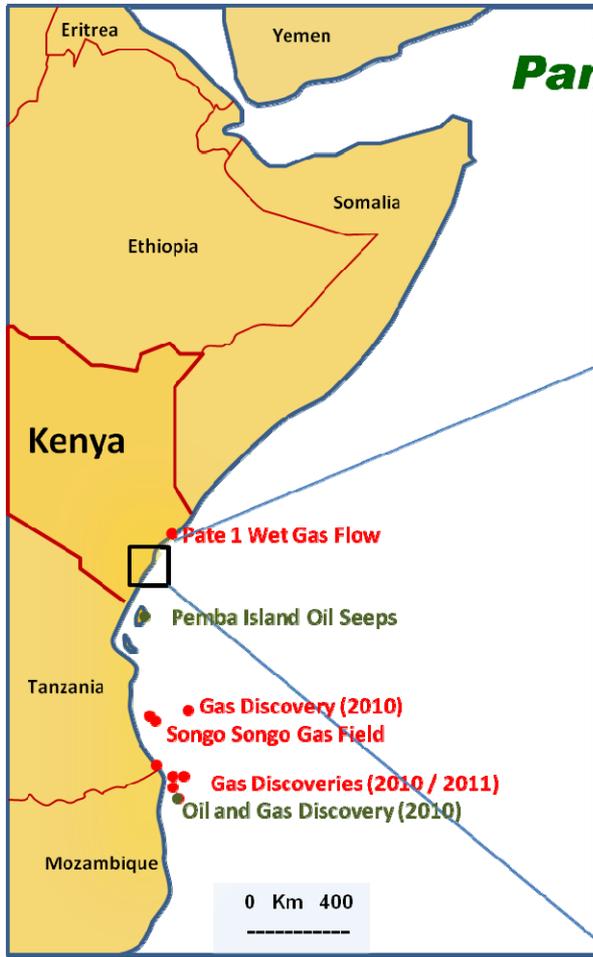
Pancontinental and its co-venturer (and subsequent merger partner) Afrex originated the L6 and L8 projects and subsequently farmed out to current operators Origin Energy (L8) and Flow Energy (L6). Pancontinental's website is [www.pancon.com.au/](http://www.pancon.com.au/)

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



**Ernie Myers, Director**

# Pancontinental Oil & Gas NL



**L6** Flow 60%  
Pancontinental 40%

**L8** Apache 50%  
Pancontinental 25%  
Origin 25%

