

27 May 2009

## JUPITER ENERGY EXPECTS OIL PRODUCTION IN 2009

### HIGHLIGHTS

- **Results of 3D seismic show that Block 31 has at least 4 key targets with potential for over 25 mmbbls recoverable.**
- **At \$US60/barrel oil, netback potential on the overall permit stands at over \$US600m.**
- **Initial drilling target will be a re entry well which is expected to be completed by November 2009 and flow 200 barrels of oil per day.**
- **Logs for NWZ 2 indicate a discovery was made when initially drilled, with 30m of net sand from the Jurassic flowing oil on test.**
- **Government approval process for the re entry of the NWZ 2 well has commenced with a rig expected to be in place by mid August 2009.**
- **Program expected to take 50 days followed by 3 months of production testing.**
- **Re entry program is fully funded.**
- **Proposals for drilling of an additional two new wells on the permit are now being considered along with various funding proposals.**

Jupiter Energy Limited (ASX: JPR) is pleased to announce that as a result of the recent visit to Kazakhstan, the Company has now completed plans to re enter the North West Zhetybai 2 (NWZ 2) well that was initially drilled on the Block 31 permit during the Soviet regime.

This well is located on the land that formed part of the extension to Block 31 that was approved by the Kazakh authorities in October 2008. The 3D seismic was subsequently shot over the western part of Block 31 in November and December 2008 and targeted both the NWZ 2 structure as well as the area adjacent to the adjoining Akkar North (Akkar N) oilfield. The program confirmed that both areas offered very good potential for oil reserves.

A review of the logs from the NWZ 2 soviet drilling program shows that a 30 metre sand flowed oil to surface at 17.2 barrels of oil per day (bopd) without acid or pump. It is also clear from the 3D seismic that whilst the NWZ 2 well intersected with the Jurassic XIII sand, a location some 1.5km from this well is more than likely to intersect with both the Jurassic and Triassic structures in a crestal position. This new location will form part of JPR's ongoing well drilling program.

## **History of the NWZ 2 Well:**

The NWZ 2 well was drilled and cased by the Soviets at the same time as they drilled the NWZ 3 well on the adjoining North West Zhetybai (NWZ) oilfield. The owner of NWZ has recently successfully completed the re entry of the NWZ 3 well and has confirmed to JPR that the casing and overall condition of the well was excellent. Based on this feedback, JPR is confident that the re entry of NWZ 2 will be a success, allowing the Company to produce oil by November 2009. The re entered NWZ 3 is currently carrying out production testing and flowing oil at 250-300 bopd and based on the NWZ 2 logs available to JPR, it is expected that NWZ 2 will flow at ~ 200 bopd on production test.

The re entry and extended flow program is expected to cost approximately \$US500,000 and is fully funded. The government approval process has begun and is expected to be received by early August 2009 and a drilling company experienced in completing re entries in this area is ready to commence operations by mid August 2009. Additional on site operational staff have been identified and the re entry program is expected to take 50 days from the date of commencement.

Once completed, the well will be placed on production testing for 3 months after which time it will be suspended and a production licence will be applied for from the Kazakh authorities. Once granted, production from this well will commence, probably during 1Q 2010.

A new well is also expected to be drilled, commencing in 4Q 2009. The current location of this well is expected to be adjacent to the Akkar N oilfield, a field that is already producing ~ 2,000 bopd and has booked reserves of 23 mmbbls. The 3D seismic has clearly shown that there is an extension of the Akkar N field that runs into the Block 31 permit. A review of all the available data indicates a potential ~ 3 mmbbls recoverable from this target and JPR is of the opinion that this would be the most sensible location to commence the new well drilling program, ensuring two producing wells on Block 31 during 2010.

## **Finances:**

The Company distributed an overview of Block 31 (as released to shareholders on April 30 2009) to a range of interested parties and in May 2009 the JPR Chairman visited Kazakhstan to meet with a number of organisations that had indicated interest in being involved in the ongoing development of Block 31. These meetings have now identified several groups that have shown real intent to participate in some form of farm in and/or funding program and the Company is continuing discussions with these groups with a view to making a final decision on the best way forward for the Akkar N extension well as soon as possible. The Government approval process for the well has already commenced and an approval for the well is expected to be received by early August 2009.

## **Operations:**

Some of the groups in discussions already have a local operations team and would look to act as the operator of the new well. Others do not. During the recent visit, JPR also identified a suitable company to act as a turnkey operator of the Akkar N extension well in the event that the party that JPR chooses to partner with on the drilling program does not already have a local operations team in place.

## Summary:

The Company feels it is now extremely well positioned to begin producing oil from Block 31 in 2009 and is also close to finalising its plans for its 2009 and 2010 drilling program. The re entry of the NWZ 2 well will provide early revenue flow and the recently completed 3D seismic program confirms what was always expected: that Block 31 offers an exciting exploration opportunity with potential oil reserves of ~ 25 mmbbls. The 3D program has also confirmed the specific locations of what are believed to be the best targets on the permit and these locations will form part of the drilling program for 2009 and 2010.

If shareholders have any questions regarding this update they can contact myself via phone on 0417 914 137 or via email – [geoff@jupiterenergy.com.au](mailto:geoff@jupiterenergy.com.au)

Geoff Gander  
Executive Chairman

***Footnote:** The information in this document that relates to oil exploration results and reserves is based on information compiled by Mr. Keith Martens who is a Director of Martens Petroleum Consulting Pty Ltd. Mr. Keith Martens has sufficient experience which is relevant to oil exploration and to the specific activity in Kazakhstan to qualify as competent to verify the above statements . Mr. Keith Martens consents to the inclusion of the 1P, 2P and 3P reserves and production outlook in the form and context in which they appear.*

**ENDS**