



Republic of Namibia

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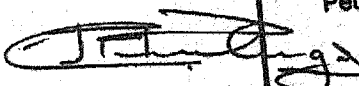
Press Statement of results of drilling activities in block 1711

In March 2006, Sintezneftegaz (70%) together with its co-venturers Energulf Resources Inc (10%), PetroSA (10%) and Namcor(7% carried interest) signed a Petroleum Agreement with the Government of the Republic of Namibia in connection with the exploration of oil and gas in block 1711. A local BEE group, Kunene Energy is also a partner with a 3% carried interest. The License Block is located in the northern part of the Namibian continental shelf and is part of Kwanza-Cameroon oil and gas bearing province. In the northern part of the province namely in northern and central basins of Angola (Cabinda, Kwanza) the proven oil and gas bearing reserves capacity are contained in the carbonate sediments of Albian age. The oil fields of Pakassa Formation in the lower Congo basin and Bento Formation in the Kwanza basin were chosen and used as analogues of the Cretaceous carbonate reservoirs. Furthermore additional seismic reinterpretation and reprocessing over the Kunene and Hartman prospects have demonstrated that both these structures can be correlated with the Apto-Albian sediments of the South West African margin.

The operator and the co-venturers applied extreme effort and dedication to the evaluation of oil and gas in the license block. The site for the Kunene- 1 exploratory well was determined on the basis of the reprocessed and reinterpreted 2000 km of 2D seismic and 685km² of 3D seismic data that was originally acquired by Vanco. The well was spudded in April 2008 and drilled to a total depth 5052 meters below mean sea level as per the Agreement with the Namibian Government. The Kunene-1 well is the first ever well to be drilled in Block 1711 over the Kunene prospect of the Namibe basin, testing a large 4 way dip structural closure.

The geological analysis of the drilling results, indicate the oil and gas potential of Block 1711 as well as good prospects for the region as a whole. There were gas shows as well as condensates encountered in the Albian and Aptian sediments, confirmed by wire-line logging. It was not possible to fully evaluate the hydrocarbon potential of the penetrated section due to operational problems during testing. The reservoir quality of the tested zones was not very good, perhaps due to nearby igneous activity. However, seismic interpretation suggests that alteration of the sediments by the igneous activity may be localized to an area near the borehole, and therefore both the tested zones and some untested zones have great potential. PetroAlliance Service Co. of Moscow, a subsidiary of Schlumberger, estimates that the 4,698m – 4,748m interval could contain a potential gas resource of up to 14 trillion cubic feet.

All in all, the Government of the Republic of Namibia is happy to announce that Sintezneftgaz Namibia and its co-venturers have met their minimum work commitments to it under this license under often very difficult conditions. The global financial meltdown of last year negatively affected exploration efforts, however it is anticipated, that exploration activities will continue with the view to establish more accurately the quantities and commerciality of the hydrocarbons in block 1711.


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