



## **PetroMagallanes confirms Josefina Oeste discovery**

*Release at Auckland, New Zealand 14 May, 2010 and Punta Arenas, Chile 13 May, 2010*

PetroMagallanes confirmed today the discovery of hydrocarbons (see photo attached) in the Springhill Formation in the Josefina Oeste-1 well in the Caupolicán Block, located on Tierra del Fuego. Elsewhere in the Caupolicán Block, PetroMagallanes confirms the ongoing well testing programme at Rio del Oro 1A has resulted in the discovery and flow of hydrocarbons from multiple reservoir zones (see photo attached).

Alberto Harambour, PetroMagallanes spokesperson advised "These petroleum discoveries at Josefina Oeste-1 and Rio del Oro 1A follow the discovery at Clarendia 1A and, taken together, are particularly significant. PetroMagallanes considers that the discoveries, which involve multiple producing zones at three separate locations in the Block, provide a sufficient proven hydrocarbon base for commercial development of the Northern Caupolicán Block". Gas from this area can be piped to the GASCO owned facility in the Clarendia area for metering, odourisation and distribution south to Porvenir. All discoveries have been funded to date solely by PetroMagallanes.

In other news, PetroMagallanes continues to await confirmation from the gas transmission operator, the 100% State owned company, Empresa Nacional del Petróleo (ENAP), that the gas discovery at Clarendia can be connected into unused pipelines situated within 500 meters of the Clarendia well site. PetroMagallanes has confirmed there should be no obstacle to interconnection into these pipelines, which will provide ENAP with revenue from the transport and LPG stripping, before on-delivery of the gas to Methanex at Cabo Negro under a current gas supply agreement. Alberto Harambour commented that "ENAP should have been more expeditious in facilitating the Clarendia Area pipeline interconnection. To date, ENAP delays have prevented Caupolicán Block gas being available to assist the regional winter market gas shortage. ENAP is not serving ENAP's own economic best interest or the economic interests of the Region by acting in this manner".

PetroMagallanes has concessions to explore, exploit and produce petroleum in four Blocks covering an area of 9,000 sq km in, and adjacent to, the Straits of Magellan in Chile (see attached map). PetroMagallanes is the 100% owned Chilean operating company of New Zealand's Greymouth Petroleum.

**For further information contact:**

**Alberto Harambour, PetroMagallanes +56 61 730201**

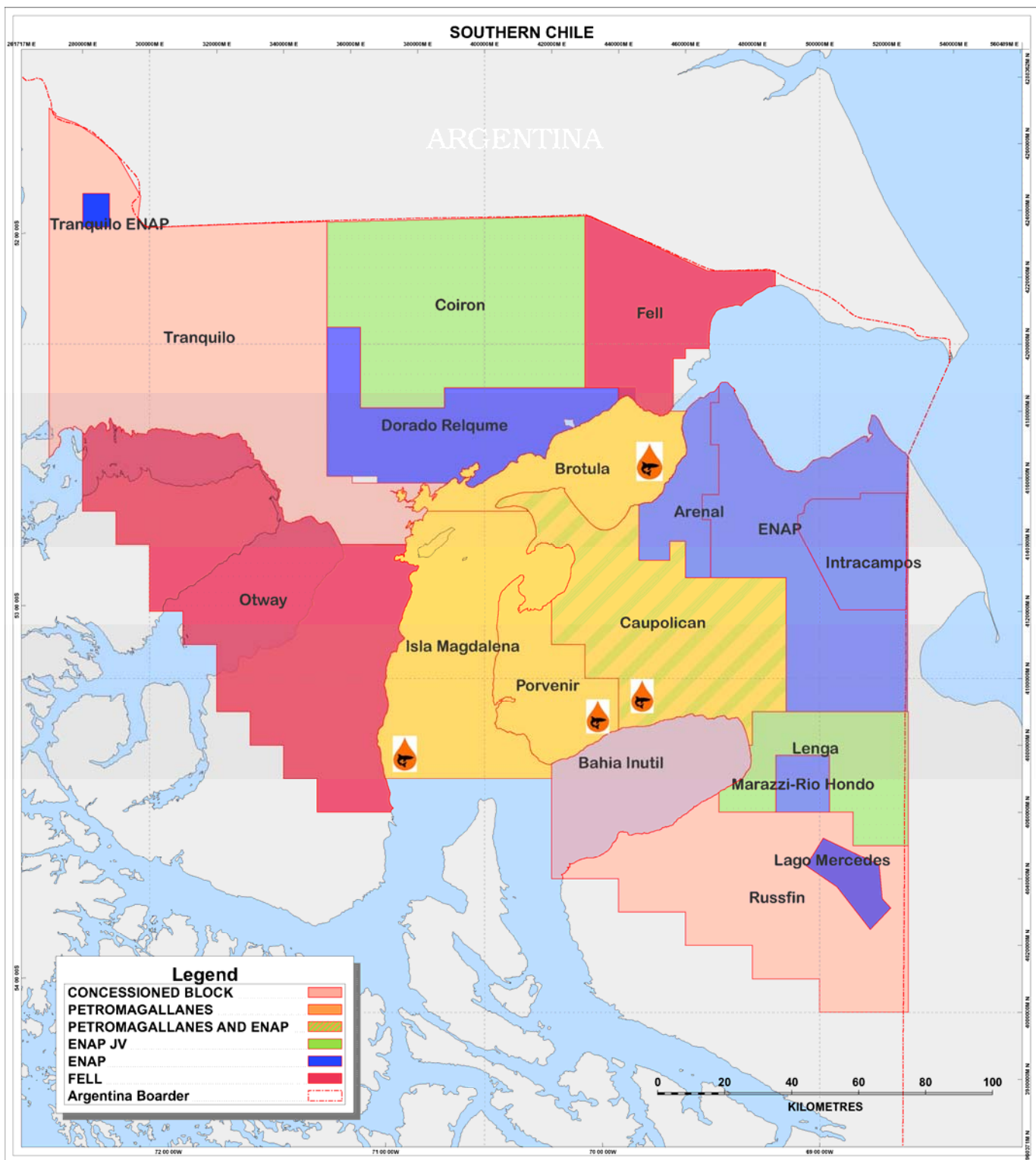
**Lara Walker, Greymouth Petroleum +649 373 4222**



Josefina-Oeste-1 testing



Rio Del Oro-1A testing



**SOUTHERN CHILE**

ARGENTINA

Tranquilo ENAP

Tranquilo

Coiron

Fell

Dorado Relqume

Brotula

Arenal

ENAP

Intracampos

Otway

Isla Magdalena

Caupolican

Porvenir

Bahia Inutil

Lenga

Marazzi-Rio Hondo

Lago Mercedes

Russfin

**Legend**

CONCESSIONED BLOCK	
PETROMAGALLANES	
PETROMAGALLANES AND ENAP	
ENAP JV	
ENAP	
FELL	
Argentina Boarder	

