



PetroMagallanes

PetroMagallanes confirms Clarencia gas discovery

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PetroMagallanes confirmed today the discovery of gas at the Clarencia 1A well in the Caupolicán Block, located on Tierra del Fuego. PetroMagallanes now plans an early declaration of commerciality, the installation of "skid mounted" facilities and then an extended period of well flow testing.

As the next step in this season's Caupolicán Block programme, PetroMagallanes has remobilized the drilling unit to Rio del Oro where further testing of the Rio del Oro 1A oil and gas discovery is in progress.

The information obtained from the successful operations at Clarencia and Rio del Oro has assisted PetroMagallanes to plan the Caupolicán Block seismic acquisition programs.

Alberto Harambour, PetroMagallanes spokesperson commented "This gas discovery at Clarencia 1A is very significant. PetroMagallanes exclusively has confidence this gas discovery (which has been funded solely by PetroMagallanes) will lead to an early declaration of commercial exploitation under the terms of the contract with the Government of Chile. The gas discovery at Clarencia should be able to be tested without any waste of this valuable gas resource. The GASCO connection pipeline serving Porvenir starts within 500 meters of the Clarencia well site. There are gas flow and calorific metering facilities at this location allowing a speedy connection. At the same location, the GASCO connection pipeline interconnects with the main gas transmission pipeline which has available capacity to access the markets. PetroMagallanes expects that this gas discovery should assist continued operations of the second Methanex train, which will benefit the two other gas field operators and the gas transmission system operator."

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).

In the Caupolicán Block, participating interests are: PetroMagallanes Operaciones 50% (Operator), Empresa Nacional del Petróleo (ENAP) 50%.

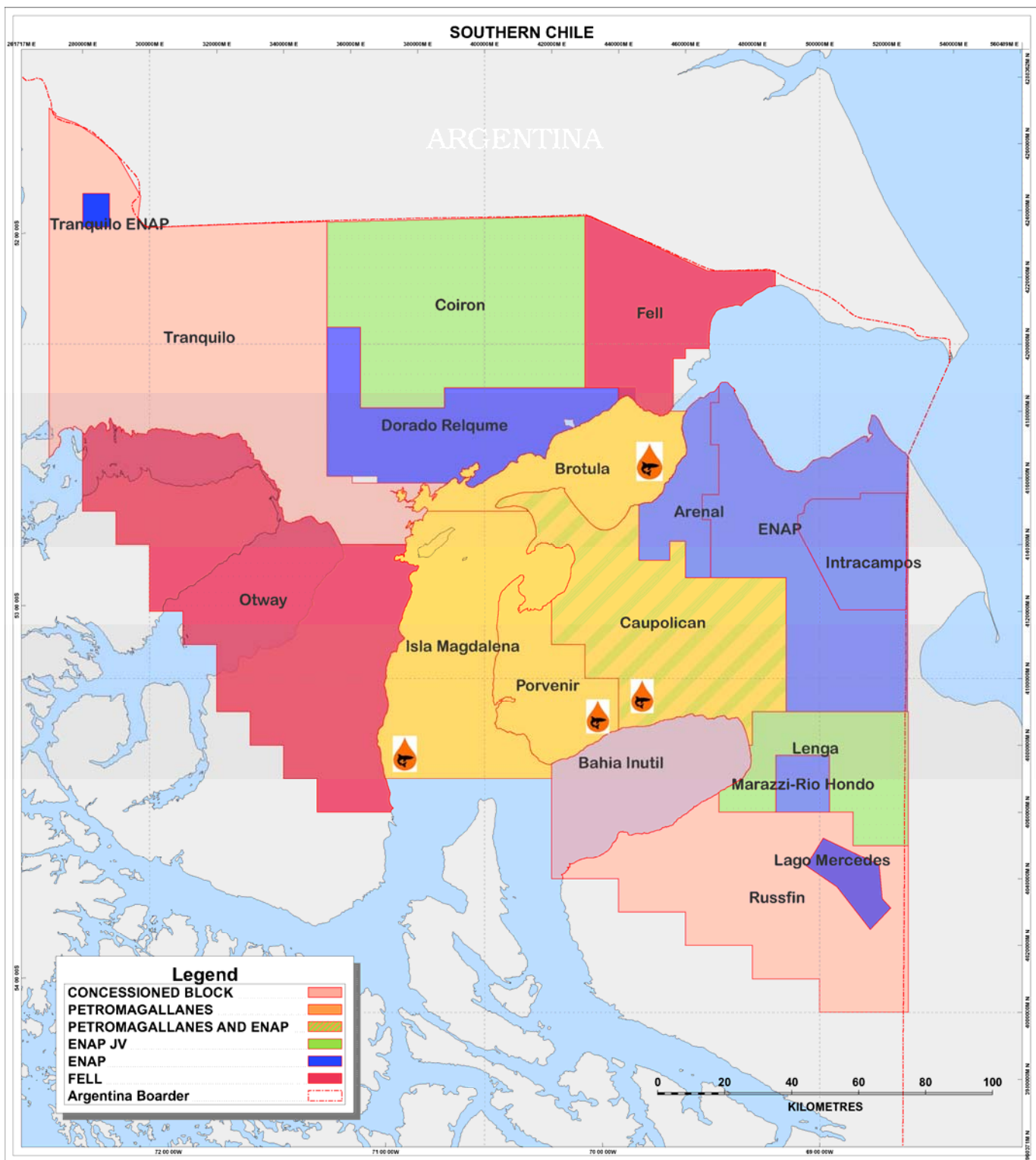
PetroMagallanes is the Chilean operating subsidiary of New Zealand's Greymouth Petroleum.

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SOUTHERN CHILE

ARGENTINA

Tranquilo ENAP

Tranquilo

Coiron

Fell

Dorado Relqume

Brotula

Arenal

ENAP

Intracampos

Otway

Isla Magdalena

Caupolicán

Porvenir

Bahia Inutil

Lenga

Marazzi-Rio Hondo

Lago Mercedes

Russfin

Legend

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

