



PetroMagallanes

PetroMagallanes flows first oil in Chile and mobilizes drilling rig

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PetroMagallanes confirmed today that it has flowed first oil and gas from the Rio del Oro 1A well in the Caupolican Joint Venture Block, located on Tierra del Fuego. PetroMagallanes now plans a further period of well flow testing and evaluation activities in respect of this resource with the objective of facilitating early development, and a declaration of commercial exploitation.

As the next step in this season's Caupolican Block programme, PetroMagallanes has mobilized a drilling unit to the Clarendia-1A well site to undertake testing of potential gas zones. This information will assist in optimizing the design of the 2010 Caupolican Block seismic acquisition programs.

Alberto Harambour, PetroMagallanes spokesperson commented "This flow of Rio del Oro oil has particular significance. PetroMagallanes exclusively has confidence this operation (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. Gas discoveries should be easily commercialized as these areas of the Caupolican Block are close to pipelines with available capacity to access other facilities and markets".

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 Caupolican Joint Venture Block, participating interests are:

PetroMagallanes Operaciones 50% (Operator)

Empresa Nacional del Petroleo (ENAP) 50%.

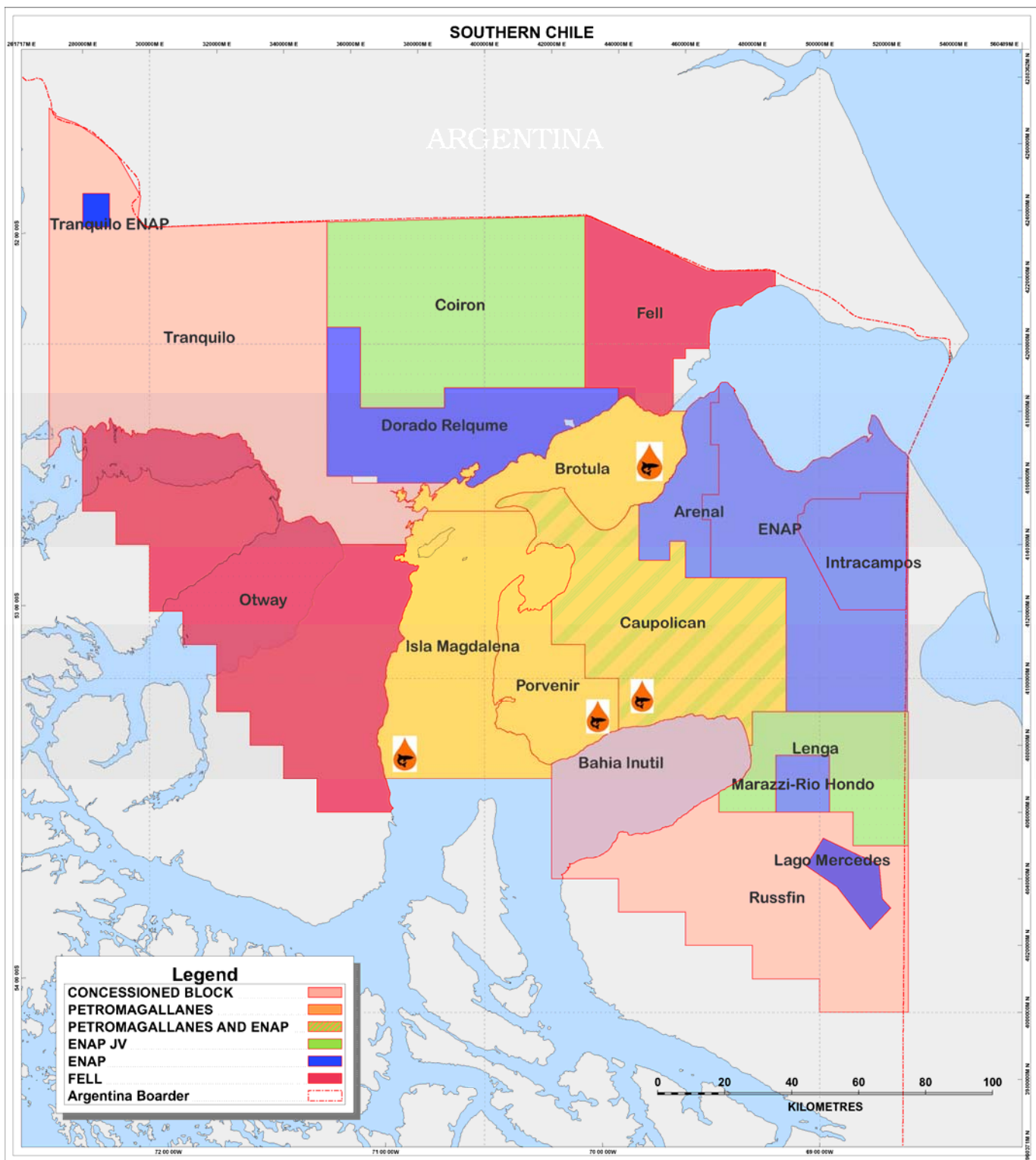
PetroMagallanes is the Chilean operating arm of New Zealand's Greymouth Petroleum.

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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	

