

28 February 2008

Company Announcements Office
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Galoc Weekly Project Update 20 to 27 February 2008

Nido Petroleum Ltd (Nido) is pleased to provide this weekly update on the development of the Galoc oil field, offshore Palawan Basin, The Philippines.

Drilling Phase Completed

Work on the Galoc 4 well has been finalised with the installation of the subsea tree cap and the testing of the subsea tree systems.

The field Operator, the Galoc Production Company (GPC), has advised that the drill ship 'Energy Searcher' is currently pulling anchors in preparation for its 8 day demobilisation. The rig will be released from service to the project when it arrives and unloads the Galoc equipment and materials in Singapore.

Nido Deputy Managing Director, Ms Joanne Williams, said "This brings the drilling and completions phase to a close. We have weathered three typhoons and some mechanical issues but we now have two horizontal wells in the Galoc reservoir ready for production service. We look forward to the completion of the installation and commissioning phase and the start of production in April."

Well Flow Summary

As announced on 26 February, the Galoc 4 horizontal production well was successfully cleaned up and flowed to surface. This test, in combination with the earlier one of Galoc 3, confirmed that the Galoc production wells will flow at much greater rates than necessary for a successful development. The test results can be summarised as follows.

Well	Total Flow Time (hours)	Max. Choke (inches)	Max. Oil Flow Rate to Rig (bopd)
Galoc 3	14.5	48/64"	5,397
Galoc 4	20.0	52/64"	6,465

It should be noted that whilst both wells were constrained to less than their maximum flowing potential by the Energy Searcher's facilities and the objectives of the

program, these constraints will not be applicable once production to the Floating Production Storage and Offtake (FPSO) vessel commences as the FPSO has the capacity to manage higher flow rates than the Energy Searcher.

Nido's preliminary in-house estimates of well productivity under flow conditions to the FPSO suggest the maximum flowing potential of the two wells exceeds the 25,000bopd capacity of the FPSO, however, the field's flowrate will be restrained to maximise ultimate oil recovery over the life of the field.

There is much analysis still to be done to confirm this well productivity estimate. Nido has commissioned Gaffney Cline and Associates (GCA) to undertake a revision to its Galoc reserves certification based on all the new information obtained during the development drilling and completions program. In addition to reserves volumes, this independent study will address the productivity estimates and this report is expected prior to first oil.

Both wells are now ready to be hooked up to the FPSO where they will undergo a detailed testing programme to confirm their full flow capacity, optimum production level and to provide additional information on the reservoir.

Galoc Installation Phase

GPC has advised that the installation vessel 'Lewak Champion' is now in transit to the field location and is expected to arrive in the next few days. It will then begin the installation of the subsea mooring and risers system that will link the Galoc 3 and 4 wells to the FPSO 'Rubicon Intrepid'.

A link to the daily drilling updates is provided on the Nido home page www.nido.com.au. Nido will provide the market with a weekly drilling summary each Wednesday and will continue to notify the market immediately of material events throughout the Galoc drilling programme.

Yours sincerely



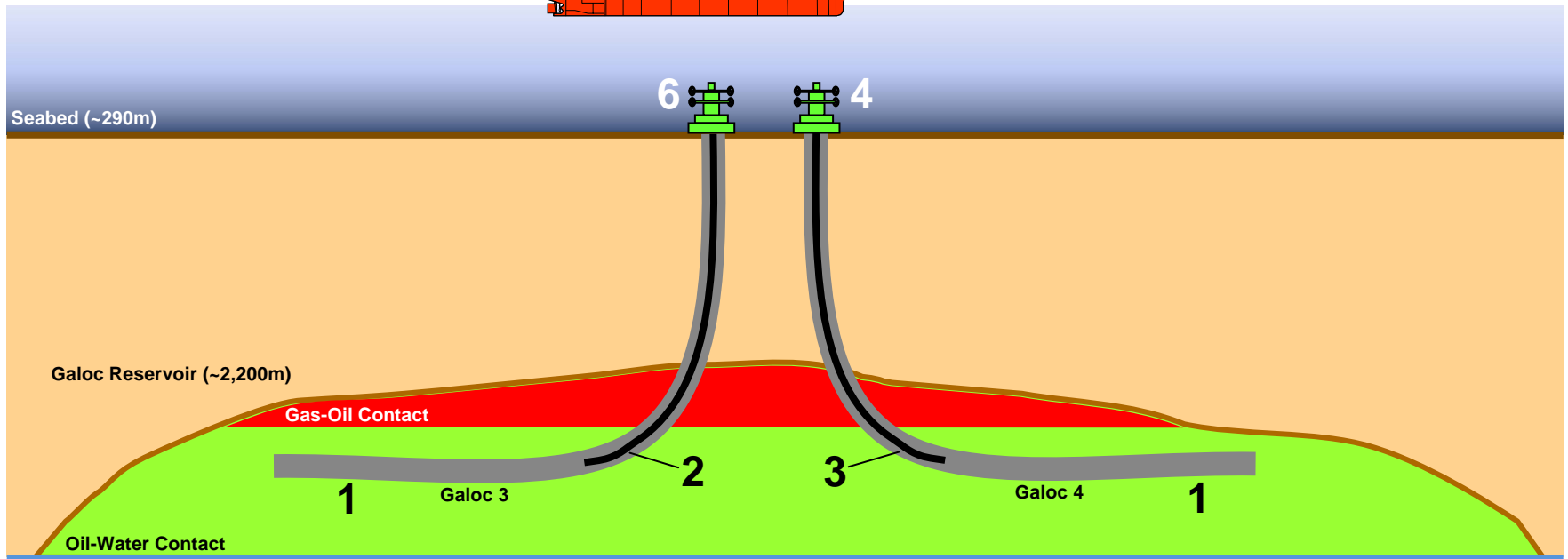
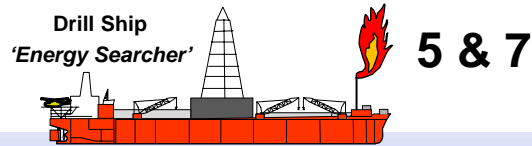
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Completing Galoc Development Wells... A Step-by-Step Guide



		Est. Time
✓	Drill wells	completed
✓	Galoc 3: Install (run) production completion	completed
✓	Galoc 4: Install (run) production completion	completed
✓	Galoc 4: Install and test subsea trees and controls	completed
✓	Galoc 4: Clean-up and flow test; prepare well for production	completed
✓	Galoc 3: Install and test subsea trees and controls	completed
✓	Galoc 3: Clean-up and flow test; prepare well for production	completed
✓	Release rig	underway
		1 day