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Australian Securities Exchange Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

## Nido achieves Tindalo Final Investment Decision

Nido Petroleum Limited (Nido) is pleased to advise that on 11 December 2009 the Service Contract 54 Block A (SC 54A) Joint Venture partners approved the final Investment Decision (FID) for the Tindalo oil field development.

Key project metrics of the project are:

- First oil scheduled for 2Q 2010;
- Initial plateau production rates expected between around 7,000-15,000bopd;
- Most likely recoverable oil volumes of 5.1 million barrels (within the subsurface uncertainty range of 1.5 - 9.1 million barrels);
- Estimated development capital to first oil is less than US\$20 million; and
- Operating cost whilst on production will be approximately US\$250,000 per day.

The Tindalo development concept is:

- Fit for purpose – the Tindalo-1 discovery well is ideally located and will be re-entered and completed for production;
- Rapid development – less than 2 years from discovery to first oil;
- Low capital cost solution – Quick payback of initial investment and optimal uncertainty management technique; and
- Re-useable & re-locatable – production system can be relocated quickly and easily to drill and produce subsequent targets no additional hardware mobilisations and low costs.

### Impact on Nido

Nido's President and CEO, Mr. Jocot de Dios, said, "The development team has done a stellar job in bringing the field from discovery to FID in just over a year - This is the same team that completed the SC 54A exploration drilling campaign in 2008 and brought it in on time and budget, and most importantly, without an HSE incident. I have every faith in their ability to execute the Tindalo development in a similarly professional and successful manner".

Mr de Dios went on to say "This FID decision paves the way for Nido's net production to more than double, or even triple, and add to Nido's existing Galoc oil field cash flow which will undoubtedly have a significant impact on the Company's balance sheet. We thank the Philippine Department of Energy for their continued support - With this project and a host of

other exploration activities coming on line, the coming year bodes well for Nido, our partners in the Venture and the Philippine oil patch”.

## **Development Overview**

The Tindalo oil field was discovered by the Tindalo-1 exploration well in October 2008 and plugged and suspended as a possible future producer. The well is located in around 100 metres of water and targeted a pinnacle reef structure similar to the nearby, producing Nido and Matinloc oil fields and intersected 124-144+ metres of oil column in Miocene carbonate reservoir.

The field will be developed using a leased, jack-up rig to re-enter and complete the suspended Tindalo-1 well for production. An electric submersible pump will also be installed as part of the well completion to assist in maintaining production rates throughout the life of the field.

The jack-up rig will remain on location to provide a stable weather tolerant production platform using specially installed production equipment on board. Crude oil from the well will be processed on the rig and then be stored via a crude transfer hose to a leased dynamically positioned, Floating Storage and Offtake (FSO) vessel nearby.

In the event of extreme weather, production will be suspended and the transfer hose disconnected from the FSO. The FSO will then be able to move off location and seek shelter, if necessary. Due to the robust nature of the design, the disconnection process can be made in a range of sea and weather states with much less risk of damage to any of the facilities than alternative development concepts.

Commenting on this, Nido Deputy Managing Director, Ms. Joanne Williams, said, “Throughout the development planning process, we have applied our knowledge and experience of the Palawan conditions with careful consideration. The jack-up and FSO solution is a pragmatic approach to a very real weather issue which is available to us in SC54A because of the shallow waters.”

In-field operations are scheduled to commence in early 2Q 2010 with first oil around a month from commencement. An initial oil production rate of around 7,000-15,000 barrels of oil per day is expected (3,500-7,500 bopd net to Nido.) Current estimates are that the project will require a capital investment of less than US\$20 million from the Joint Venture to achieve first oil and will cost around US\$250,000 per day to operate.

Nido Deputy Managing Director, Ms. Joanne Williams, said “I’m excited to move the Tindalo project forward into the execution phase – As well as being Nido’s first operated development, we plan that it will be the first of many in SC54A. We expect the development to cost less than US\$4/bbl and be in production around 18 months from the discovery of the Tindalo oil field which compares very favourably with industry standards.”

Ms. Williams went on to say “Over the past 3 months Nido has mobilised the project team to our operations office in Manila where approvals have been secured for the Plan of Development and the Extended Well Test and a number of purchase orders for long lead items have already been placed. This has given us a big head start. Other major equipment and services contracts will be placed in the coming weeks. In particular, we intend to sign term lease contracts for the jack-up rig, FSO and production processing equipment.”

Nido will provide further updates on the progress of the project upon the achievement of major milestones towards first oil.

Yours sincerely



**Joanne Williams**  
Deputy Managing Director

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**About Nido Petroleum Limited**

Nido Petroleum Limited is an oil and gas exploration and production company with over 2,945,000 hectares (29,450 sq km) of contiguous exploration and development assets in the North West Palawan Basin in the Philippines. Nido is a leading explorer in the North West Palawan basin and the company's exploration portfolio extends across balance of both shallow (<100m) and deepwater (>1,200m) sectors of the North West Palawan continental margin which provides it with a diverse range of potential exploration and development projects in the Philippines premier producing basin. Nido operates SC 54A (50% interest), SC 54B (60% interest) and SC 58 (\*50% interest). Nido has a 50% non-operated interest in SC 63.

Nido's core producing asset is the Galoc oil field of which Nido has a 22.879% non-operated interest. Galoc lies within SC 14 in 300 metres of water, some 60 km offshore Palawan Island. First production commenced 9 October 2008 through a simple two-well sub-sea development concept tied back to a moored FPSO.

In 2008, Nido completed a successful two well exploration program in SC 54A which resulted a 100% strike rate yielding the Yakal-1 and Tindalo-1 oil discoveries. Nido is planning to augment Galoc production by fast-tracking the development of the Tindalo field with first production planned for 2Q 2010.

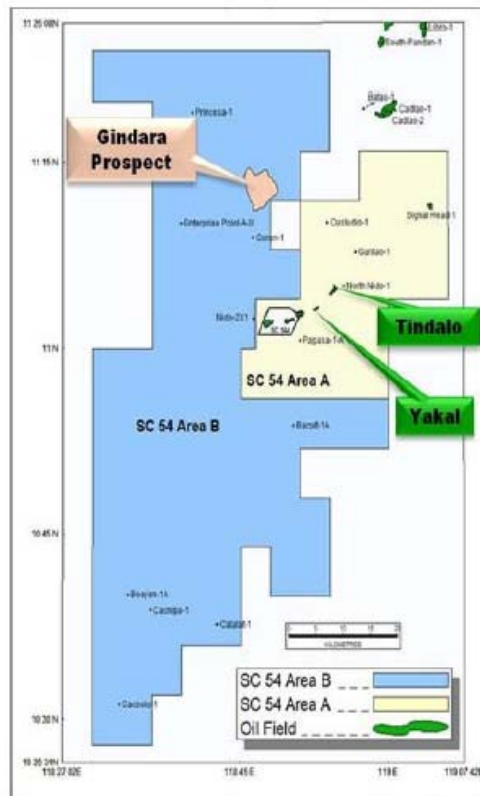
*\*Subject to: completion of the obligations under the Farmout Agreement with PNOC; and DOE approval.*

**SC 54A Working Interests**

Company	Working Interest
<b>Nido Petroleum Philippines Pty Ltd (Nido) - Operator</b>	50%
<b>Yilgarn Petroleum Philippines Pty Ltd (Kairiki)</b>	35%
<b>Trafigura Ventures III BV (Trafigura)</b>	15%*

*\* All conditions have now been met to complete the farm-in with Philippines DOE approval received this week*

## SC 54A Location Map



**Nido**  
Petroleum Limited

## Tindalo Production System

