



**ASX / MEDIA RELEASE**

Thursday 29 April, 2010

**Castello Production Pressure Update**

As reported in the March quarter update Castello produced 5.4 million cubic metres at an average daily rate of 60,000 cubic metres a day which is less than the current maximum pipeline entry rate of level of 70,000 cubic metres a day.

While plant commissioning has been successful, and production has been relatively stable, there has been a faster rate of decline in wellhead pressure than expected.

We are investigating the possible reasons for a larger than anticipated decline in wellhead flowing pressure. Specifically the Company plans to:

1. Conduct a downhole pressure measurements at the earliest practical time; currently expected in the second half of May
2. Assess impact on reservoir performance and projected field life. This may involve a reduction in daily production rates
3. Conduct a comprehensive and independent re-estimate of field reserves incorporating these pressure test results

These technical investigations will take time to complete and the Company will update the market on the timing of both well intervention and the evaluation of the downhole pressure measurements. At this stage, it is expected that the downhole pressure testing will be completed in May and an update on the results provided to the market in June.

Based on technical analysis conducted following the March quarter of production, if the pressure reduction continues at current rates this would lead to lower production rates than previously projected and substantially reduced reserves. Proven reserves at Castello were previously estimated to be 4.6 bcf.

**MEDIA CONTACTS:**

**Michael Masterman**  
**Po Valley Energy**  
**0417 851 303**

**Kevin Skinner**  
**Field Public Relations**  
**(08) 8234 9555 / 0414 822 631**