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Field Developments at Kisaran, Jambi Merang and Bontang

A. Upstream Business Development

- 1. Kisaran Exploration Block

Pacific Oil & Gas (PO&G) is making further investment in upstream field development in Indonesia through farming in to Kisaran Block (a Chevron's exploration block located in North Sumatra Province, Indonesia).

The Kisaran Farm-Out Agreement was signed in Jakarta and obtained approval from Government of Indonesia in third quarter 2005. After this agreement, the composition of participating interest is PO&G 50% and Chevron 50% with Chevron Pacific Indonesia (CPI) appointed as the operator. The initial exploratory well is planned to be drilled in first quarter 2006.

Arthur Ling, President & COO of Pacific Oil & Gas was very pleased with the smooth process and result of the negotiation with Chevron, which took less than three months to be finalized.

"Our investment in this Kisaran exploration block further proves PO&G's strong interest to invest in Indonesia's upstream field development," explained Abdul Rifai Natanegara, President Director of PO&G Indonesia.

- 2. Jambi Merang Development Block

Initial investment on upstream oil and gas was done through the acquisition of a 25% share in Jambi Merang Block (a development block located at South Sumatra Province, Indonesia) from Repsol YPF in 2004.

B. LNG Plant in Bontang

Pacific Oil & Gas (PO&G) has secured the permit from the Oil and Gas Directorate General to build the first privately-owned LNG plant in Bontang, East Kalimantan, and has completed the first phase of Front-End Engineering Design (FEED). The FEED second phase and the Environmental Impact Assessment (EIA) are planned to be completed in 2006.

Along with this downstream investment, PO&G is also looking for investment opportunities on upstream field development in East Kalimantan.