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# ANNOUNCEMENT TO ASX

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**Date:** 22 August 2007

**To:** Australian Stock Exchange Limited  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

## **Production Activities on Target - Flax Oilfield**

Following on from the Flax 1 well which flowed at 350 barrels of oil per day, the fracture stimulation program has continued with the Flax 2 and Flax 3 wells.

Flax 3 has been stimulated over the basal Patchawarra-Tirrawarra Sandstone interval and is currently on flowback at an average rate of 400 barrels of fluid per day (60% oil, 40% frac fluid) accompanied by 300,000 cubic feet of gas per day on a 12/64 inch choke. It is anticipated the well will continue to clean up into a good oil producer.

In Flax 2, flowback following stimulation of the Tirrawarra Sandstone interval has been limited at this stage. Perforation of the basal Patchawarra sandstone has been undertaken and the zone is flowing oil and gas to the surface and is cleaning up.

Planning for the Flax 4 stimulation of the basal Patchawarra-Tirrawarra Sandstone interval has commenced with the field operation scheduled for mid September.

Installation of the field compressor for gas injection remains on schedule for commissioning in late September.

Innamincka is pleased with the very encouraging reservoir performance shown by the wells and expects to commence oil shipments in the near future.

**The Flax Oilfield** has been independently assessed to contain mean recoverable reserves of more than 4 mmstb. To date, testing of the discovery Flax 1 well has produced over 45,000 barrels of 52<sup>o</sup> API oil and provided engineering data for the design of the first well pattern of the EOR (Enhanced Oil Recovery) project. The initial project target is 1000 bopd by mid 2008.

Participants in the project are:

Innamincka (operator)	75%
SCGAU	25%

Yours sincerely

**Innamincka Petroleum Limited**

**Leni Stanley**  
Company Secretary

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