



**INNAMINCKA**  
PETROLEUM  
ACN 101 313 777

Office 1 - Ground Floor  
924 Gympie Road  
CHERMSIDE QLD 4032

PO Box 2378  
CHERMSIDE QLD 4032  
Telephone: (07) 3359 8988  
Facsimile: (07) 3359 8985  
www.innapet.com.au

---

# ANNOUNCEMENT TO ASX

---

**Date:** 18 July 2008

**To:** Australian Securities Exchange  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

## Flax Project Update

### Summary

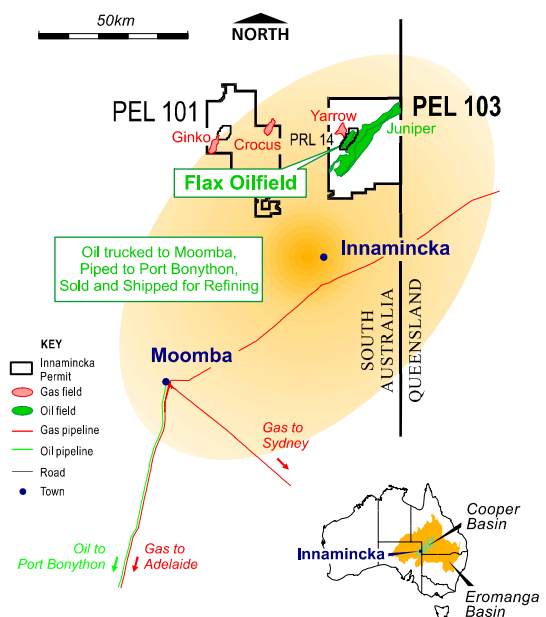
Production startup from Flax 1 remains on schedule for late July. Well completion and fracture stimulation activities have commenced with the Ensign Rig 5 service rig mobilised onto the Flax 5 lease. Whilst construction activity was severely impacted for several weeks by the heavy rains in mid June, solid progress has since been made.

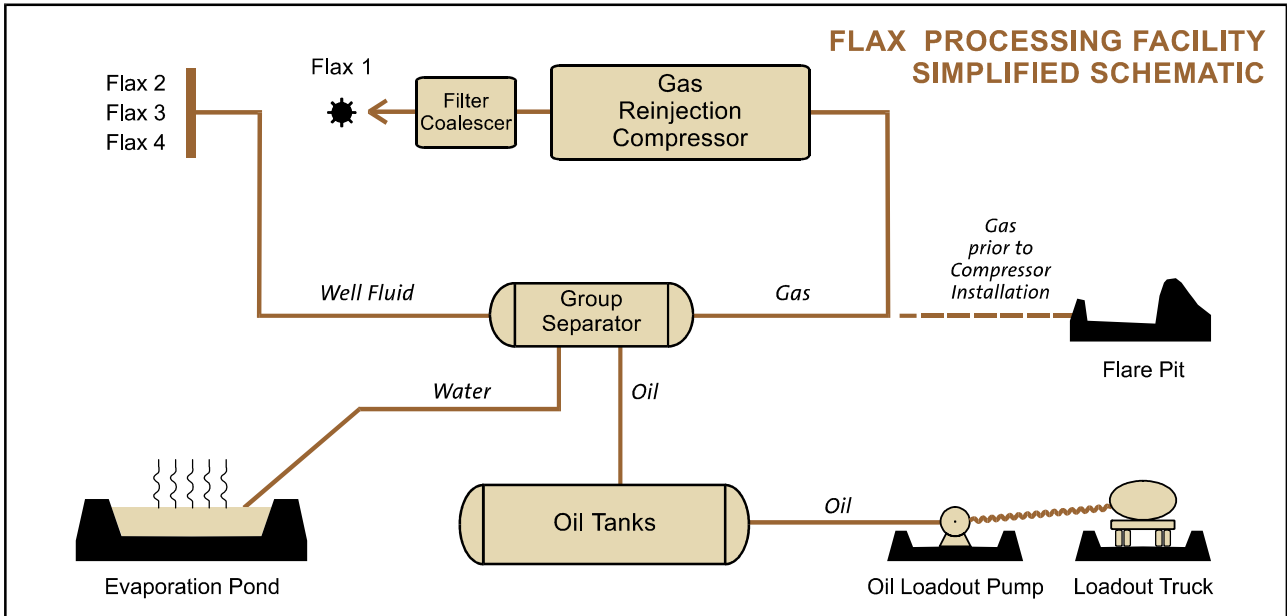
As advised in mid June, Innamincka Petroleum anticipates oil production to commence from the Flax field in July, initially from the Flax 1 well followed by Flax 3, Flax 4 and Flax 2. The field compressor is scheduled for mobilisation to the field in August. The commencement of gas injection will depend on initial reservoir performance. Starting in July, Flax 5, 6 and 7 and Flax East 1 will be fracture stimulated. These wells will be progressively tied into the field facilities as production wells. Innamincka Petroleum continues to target 1000 bopd production from the well pattern.

### Field Infrastructure

Civil works associated with the Flax processing facility are largely complete. The oil storage tanks have been installed and the load-out facilities for road tanker loading are constructed.

The concrete base for the compressor has been laid and the compressor will be ready for transport to the field and installation in August. The concrete base for the associated filter/coalescer will be laid in the coming week.





Installation of the test / production header and ancillary pipework around the processing facility is complete, as shown on the photos below, and is being readied for xray scanning and hydrotesting.

Tie-in of Flax 2, 3 and 4 wells will commence before the end of July with production from these wells expected progressively through August.

Orders of the flowline materials for the Flax 5-7 and Flax East 1 wells have been placed.



Tank farm



Test / production header



Construction work



Facilities pipework

Innamincka has recruited key personnel for the Flax Project and is developing its Health, Safety and Environment (HSE) System and Safety and Operating Plan documentation in preparation for first oil production.

## Well completion and Fracture stimulation



*Ensign Rig 5 preparing for completion operations on Flax 5*

The Ensign Rig 5 has mobilised and rigged up on the Flax 5 well as its first operation to be followed by completion operations on Flax East 1, Flax 6 and Flax 7 in due course.

The Halliburton crew is scheduled to be onsite by early next week to commence the fracture stimulation programmes.

The well operations will see the completion of the first production well pattern.



*Separator at Flax Central Production Facility*

**Innamincka Petroleum is making significant progress with its initial development to become an oil producer in the third quarter of 2008.**

Participants in the Flax Project are:

Innamincka (operator)	75%
SCGAU	25%

Yours sincerely

**Innamincka Petroleum Limited**

A handwritten signature in black ink, appearing to read "Leni Stanley".

**Leni Stanley**

Company Secretary

---