



Cue Energy Resources Limited

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DATE : 21 December 2011

PAGES (including this page): 3

FROM : Andrew Knox

RE : **Sampang PSC Development Update**

Attached please find Cue Energy Resources Limited release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox".

Andrew M Knox
Public Officer



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RELEASE

(ASX: CUE; NZX: CUE; POMSOX: CUE; ADR/OTC: CUEYY)

Sampang PSC, Indonesia Development Update

Further to our previous release dated 4th November, Cue Energy Resources Ltd (CUE) is pleased to provide the following update regarding the Sampang PSC offshore Indonesia.

The Sampang PSC is located south of Madura Island, offshore Indonesia. The PSC contains the Oyong Field, Wortel and Jeruk discoveries. The permit is operated by Santos (45%), with partners SPC (40%) and CUE (15%).

The Joint Venture is currently progressing the development of the Wortel gas discovery. The jackup drilling rig COSL Boss is being used to drill and complete two wells. The Wortel-4 well has been drilled to a total measured depth of 2271mMDRT and the well is currently being completed as a gas producer, the rig should finish this task within the next few days. Wortel-3 has been drilled to 657mMDRT and the 13-3/8" casing run and cemented. At the completion of Wortel-4, the rig will return to Wortel-3 to drill to the total depth (TD) and complete the well.

Progress and schedule:

- The project is nearing completion with first gas export expected to occur by the end of January 2012.
- Drilling operations on Wortel are expected to be finished in first week of January. The rig will then be relocated over the Oyong wellhead platform to drill and complete an infill Oyong production well.
- The wellhead platform topsides fabrication has been completed and pre-commissioning of the facilities is ongoing at the fabrication yard.
- Once drilling at Wortel is complete the platform topsides will be installed and the system commissioned in the third week of January.
- The project is expected to be accomplished within the original US\$105.1 million budget with CUE's share of US\$15.8 million. CUE will use existing cash resources to fund its share of the development.

After completion of the infill drilling activity CUE's net share of production from the Sampang PSC will be approximately 2,700 barrels of oil equivalent per day before production sharing with the Indonesian Government.

Any queries regarding the announcement should be directed to the Company on (03)96708668 or email mail@cuenrg.com.au.



Andrew Knox
Public Officer

21st December 2011

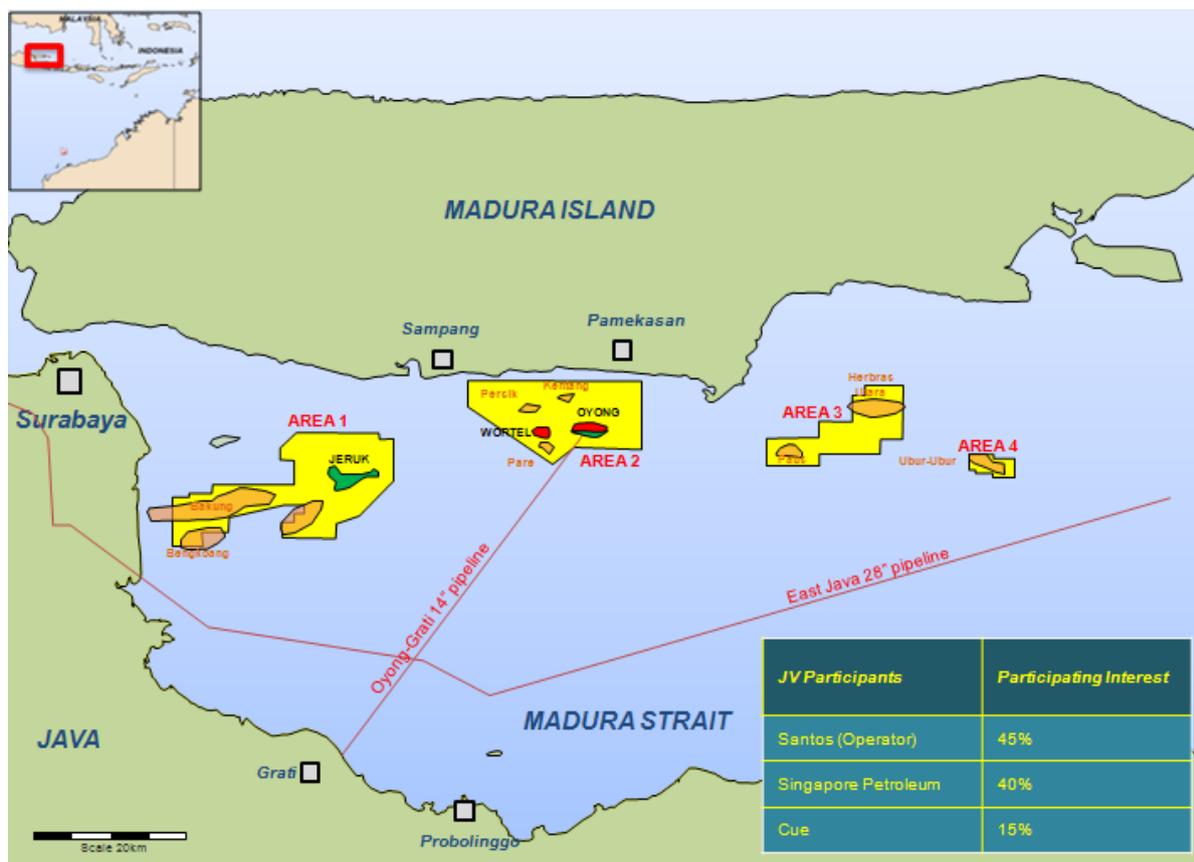


Figure 1 - Location of Sampang PSC, Indonesia