



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
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DATE : 24 May 2006

PAGES (including this page):3

FROM : Andrew Knox

RE : **Herbras -1 Begins Drilling**

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

Yours faithfully

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

Andrew M Knox
Public Officer



Cue Energy Resources Limited

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RELEASE

Herbras -1 Begins Drilling

Cue is pleased to announce that the Herbras -1 well began drilling on 24 May 2006.

The well is located in the Sampang Production Sharing Contract, offshore East Java, Indonesia, in 24 metre water depth, approximately 70km east of the Jeruk oil discovery.

Herbras -1 will be drilled as a vertical well to test sandstone objectives in a four way dip closure.

Participants in the Sampang PSC are:

Santos (Sampang) Pty Ltd	40.5% (Operator)
Singapore Petroleum Sampang Ltd	36%
Cue Sampang Pty Ltd	13.5%
PT Petrogas Oyong Jatim*	10%

*Subject to finalization.

Location map is attached.

Any queries regarding the announcement should be directed to the Company on (03) 9670 8668 or email mail@cuenrg.com.au.

A handwritten signature in blue ink, appearing to read "R. J. Coppin".

Robert J Coppin
Chief Executive Officer

24 May 2006

