



Cue Energy Resources Limited

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DATE : 24 September 2007

PAGES (including this page):5

FROM : Andrew Knox

RE : **First Oil from Oyong Field**

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



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RELEASE

First Oil from Oyong Field

Cue is pleased to announce that it has been advised by Santos, the operator for the Oyong field, that oil production has commenced from the field in the Sampang PSC, offshore approximately 70km east of Surabaya in Indonesia.

Santos comments that:

“After an initial ramp-up period, gross oil production rates are expected to stabilize at between 8,000 and 10,000 barrels of oil per day.

Oil is produced via a wellhead platform with 5 oil wells and 2 gas wells, with processing undertaken on the Sea Good 101 production barge and then piped to the Shanghai FSO for storage and offtake.

Front end engineering design for development of the Oyong gas reserves is underway, with a final investment decision expected before the end of 2007, and first gas production anticipated in the first half of 2009. A gas sales agreement has been signed with PT Indonesia Power, with gas to be piped via a 55 kilometre pipeline to an onshore processing facility adjacent to the Grati power station in East Java.

The Wortel gas field, which was discovered in 2006, is located approximately 7km west of Oyong and could potentially be incorporated into the gas development, subject to further appraisal which is planned for first half of 2008.”

Cue Comment

“First oil production from Oyong is an important milestone in Cue’s growth phase” said Cue’s Chief Executive Officer, Bob Coppin.

“Oyong oil production will compliment Cue’s existing oil production from the SE Gobe field in Papua New Guinea and Cue’s oil production will again increase in 2008 when production begins from the Maari oil field in New Zealand”, he said.

The participants in the Sampang PSC are:

Santos (Sampang) Pty Ltd (Operator)	45%
Singapore Petroleum Company Limited	40%
Cue Sampang Pty Ltd	15%

See attached photo & map.

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



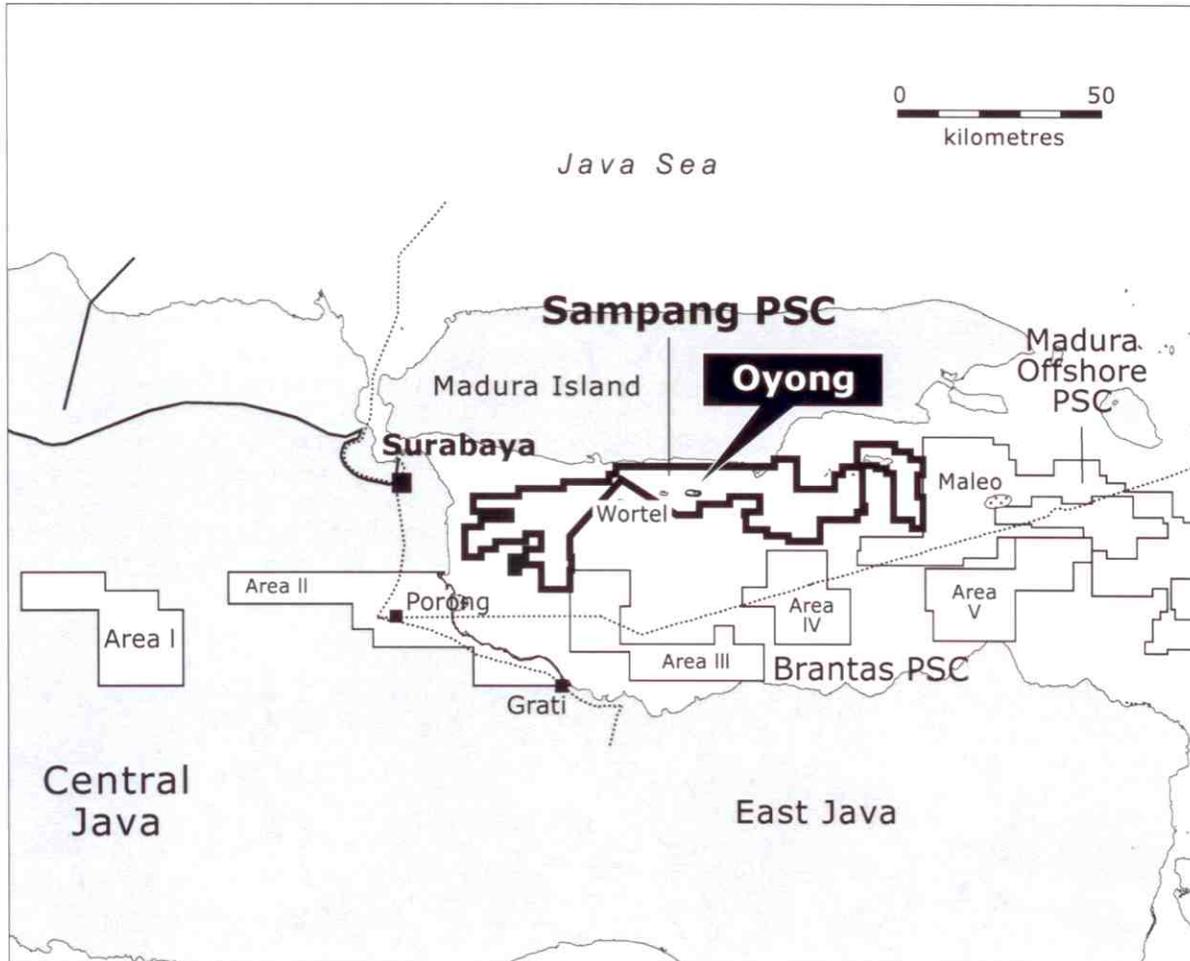
Robert J Coppin
Chief Executive Officer

24 September 2007



Production Barge on Location Adjacent to Well Head Platform

Oyong Oil Production



Legend

-  Santos acreage
-  Oil Field
-  Gas Field
-  Oil pipeline
-  Gas pipeline

