



Cue Energy Resources Limited

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TO : Company Announcements Office
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20 Bond Street
Sydney NSW 2000

DATE : 5 September 2006

PAGES (including this page):2

FROM : Andrew Knox

RE : Drilling Report - Wortel -1

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". The signature is written in a cursive, flowing style.

Andrew M Knox
Public Officer



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RELEASE

Drilling Report – Wortel-1

The Wortel-1 exploration well is being drilled in the Sampang Sharing Contract, offshore East Java, Indonesia, in 42 metre water depth, approximately 7km west of the Oyong oil and gas field.

Santos, as operator, today advises that the Wortel-1 exploration well encountered a gross gas column of 141 metres over the interval 1242-1383 metres in the same Early Pliocene Mundu Formation limestone as the productive reservoir in the nearby Oyong oil & gas field.

The well is located in the Sampang PSC, offshore East Java, Indonesia and is operated by Santos (Sampang) Pty Ltd. It is approximately 7km west of the Oyong oil & gas field in the same PSC.

A drill-stem test was conducted over the interval 1340-1365 metres. The well flowed at a rate of 18.5 million cubic feet per day through a 56/64" choke with a wellhead flowing pressure of 1071 psi. Condensate was produced at a rate of 4 to 5 barrels per million cubic feet. Like Oyong, the gas is sweet with no CO₂ or H₂S present.

"The results of Wortel-1 are encouraging, however further appraisal will be required to confirm the potential resource", said Santos' Managing Director, John Ellice-Flint.

Following completion of testing operations the Wortel-1 well will be plugged and abandoned as planned.

The Sedco 601 drilling rig will move to drill the Madi-1 exploration well in the neighbouring Madura Offshore PSC then, subject to partner and government approvals return to drill the Wortel -2 appraisal well in October 2006.

The participants are:

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

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

5 September 2006