

21 December 2011

Operations update for Block 31

Highlights:

- **J-51 well producing at a stabilised flow rate of 630 bopd on a 9mm choke from the mid-Triassic reservoir.**
- **Oil being sold into the domestic market.**
- **Drilling of J-53 well is on schedule.**
- **Final environmental approvals for commencing J-50 and J-52 trial production near completion.**
- **Unrest in Zhanaozen has not impacted Aktau operations.**

The Board of Jupiter Energy Limited (ASX: JPR) ("Jupiter" or the "Company") is pleased to advise that after the completion of a range of pressure tests and collection of bottom hole oil samples for Pressure, Volume and Temperature (PVT) analysis, the J-51 well has now been flowed on a range of choke sizes to establish a stabilised flow rate.

The well is currently producing on a 9mm choke at a stabilised rate of 630 barrels of oil per day (bopd). Flow rates in recent days have also included 164 bopd on a 3mm choke and 440 bopd on 6mm choke.

A range of data has also been collected over the past two weeks and will be used to prepare an updated reserve estimate as part of a submission to the State Reserves Committee which will be lodged after the gathering of results from the J-53 exploration well, currently being drilled. This reserves report is scheduled for lodgement late in the first quarter of 2012.

Oil from J-51 continues to be sold into the domestic market at a price of approximately US\$42 per barrel at the well head with all transport and logistics costs

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being borne by the buyer. All the necessary heating equipment is in place to ensure the smooth production and storage of oil prior to sale to the trading company.

The Company intends to run a full 90-day production test on the J-51 mid-Triassic reservoir, the maximum period allowed by the Government.

J-53 Well

The J-53 exploration well, located at the southeast corner of the Akkar East oil accumulation, was spud on 25 November 2011 and is the first of the Company's two 2012 commitment wells. The Company believes that the area being targeted by this well may contain up to 10 million barrels of potential resources.

The vertical well has a planned total depth of approximately 3,200m true vertical depth.

The drilling of the J-53 has progressed on schedule since the spud date and as at 20 December 2011 the depth of the well was 1,661 metres and field operations continue to run smoothly. The Company will keep shareholders updated on progress.

Trial Production Licences (TPL): J-50 and J-52

The TPL approval process for both the J-50 and J-52 wells is nearing completion with the final flaring permits for both wells being the only matter outstanding. Following receipt, the Company will begin production as soon as possible. The produced oil will be sold into the domestic market on a similar basis as currently used for J-51.

Unrest in Zhanaozen

Jupiter is currently unaffected by the recent unrest in Zhanaozen which is some 200km from Aktau however the Company will continue to monitor events and will update the market on this matter if necessary.

Commenting on the stabilised J-51 mid-Triassic flow rates, JPR Executive Chairman Geoff Gander said, "The Company is pleased with the performance of the J-51 well. Lessons we have learned from operations over the past two years continue to enable us to improve the performance of our wells and we look forward to getting early indications on the outcome of the J-53 well, probably in late January or early February 2012."

Any questions on this announcement can be directed to the Company on +61 89322 8222.

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