

Thursday 7 January 2010

PRESIDENT PETROLEUM COMPANY PLC
("President Petroleum" or "the Company")

Operations Update

Drilling programme of up to three wells planned for PEL 82 Licence in Australia

President Petroleum (AIM : PPC), the oil and gas exploration and production company with producing assets in the USA and exploration licences in Australia, announces an update on its operations.

Highlights

- Drilling of PEL 82 in South Australia established as a priority targeting total prospective resources of 430 million bbls of oil or 630 bcf of natural gas
- Programme of up to 3 wells planned
- US production steady

South Australia Operations

PEL 82 Licence

Following the successful re-organisation of the Company in November 2009, the new Board has reviewed and confirmed the promising potential of the licence and is planning, as a priority, a drilling programme of up to 3 exploration wells, to be implemented as quickly as possible.

Review of the 3D seismic results and the structural mapping has confirmed a number of clearly identified well locations and associated prospectivity. The first two wells will target a combined resource of 70-80 million bbls of oil or 100 bcf of natural gas in the Waarre/Flaxman sands. Total prospective resources within the licence area are estimated at 430 million bbls of oil or 630 bcf of gas.

Drilling rig availability in Australia is limited, which will impact on the start date for drilling operations, but the Company is looking to secure an appropriate contract for a rig within the first quarter of 2010. Mobilisation costs are yet to be determined, but drilling costs are expected to be in the range of US\$ 3-4 million per well. Negotiations with drilling contractors are underway and, in view of the prospectivity of PEL 82 and the Company's enhanced financial position, the Board has determined that the programme will initially be implemented on a 100% basis utilising the Company's existing resources.

PEL 132 Licence

The Company has reviewed its work commitments on the PEL 132 licence which has entered its third year of a five-year term. In the light of the significantly higher prospectivity and priority attached to PEL 82, President Petroleum plans to propose an amended work programme on PEL 132 to ensure retention of the licence, although this is not likely to include seismic or drilling activity in the near future.

US Operations

Production from existing wells at the East Lake Verret field has continued at a steady rate, in line with expectations, although gas flow rates were eased back slightly in December due to the colder weather. Natural gas production in Q4 2009 averaged 0.73 mmcf/d, 19% up on Q3, whilst oil production was 4% higher, at 38.5 bbls/day, giving average Q4 production of around 160 barrels of oil equivalent per day.

Stephen Gutteridge, Chairman of President Petroleum, said:

“The planned 2010 drilling programme in Australia is a decisive step towards realising the promising potential of our current Southern Hemisphere assets, particularly the PEL 82 Licence. The new Board has moved quickly to review the existing asset base and take steps aimed at maximising its potential at the earliest opportunity.

“President Petroleum remains focused on achieving transformational expansion through acquisition and the Board continues to work towards achieving that goal in 2010.”

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Ed Childers, the Company's Chief Operating Officer, and Dr Michael Cochran, the Company's Exploration Director, who meet the criteria of qualified persons under the AIM guidance note for mining and oil and gas companies, have reviewed and approved the technical information contained in this announcement.

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