



# ELK#1 Discovery Well Technical Update - November 15, 2006

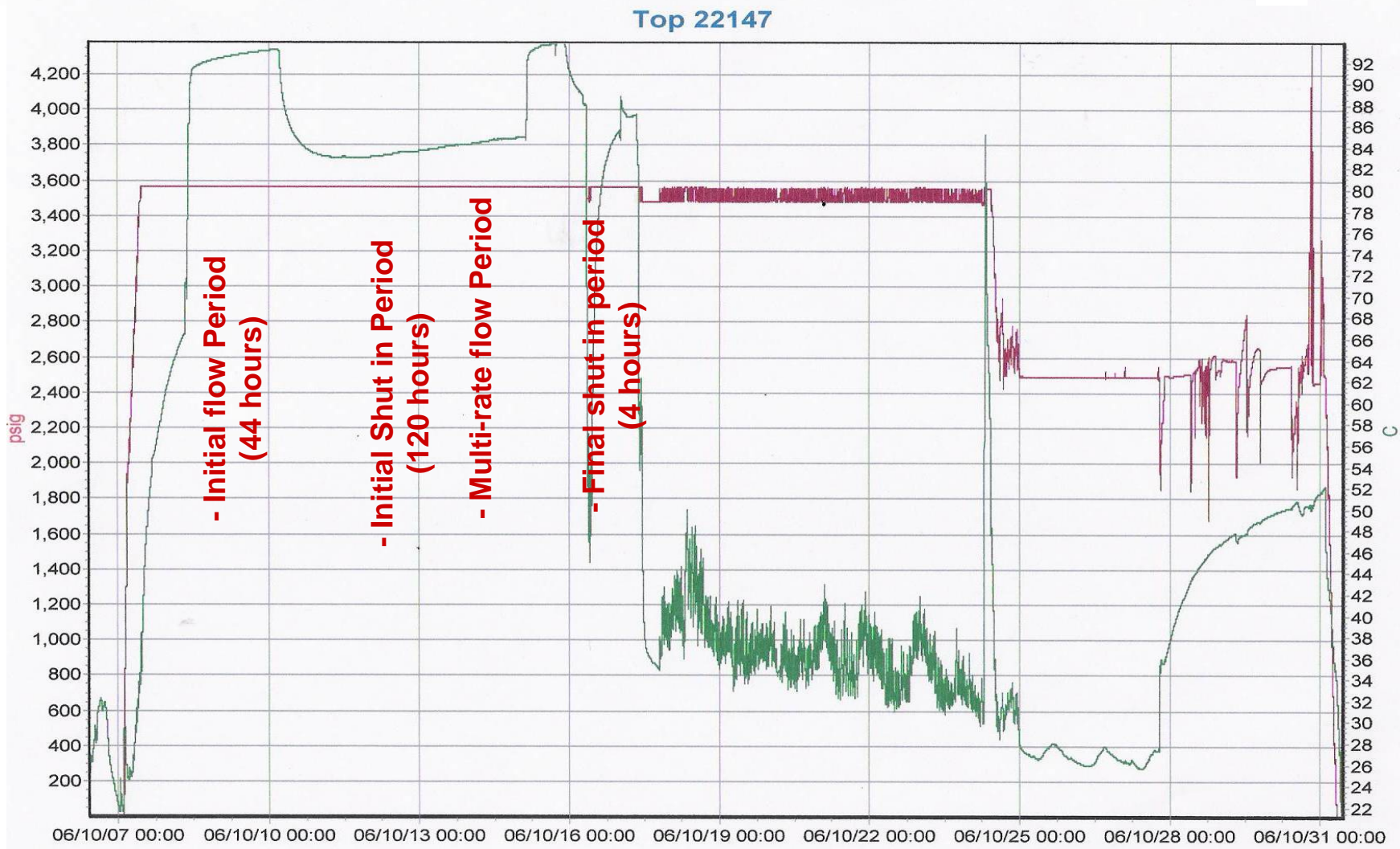




# EIk-1 Well Test Results

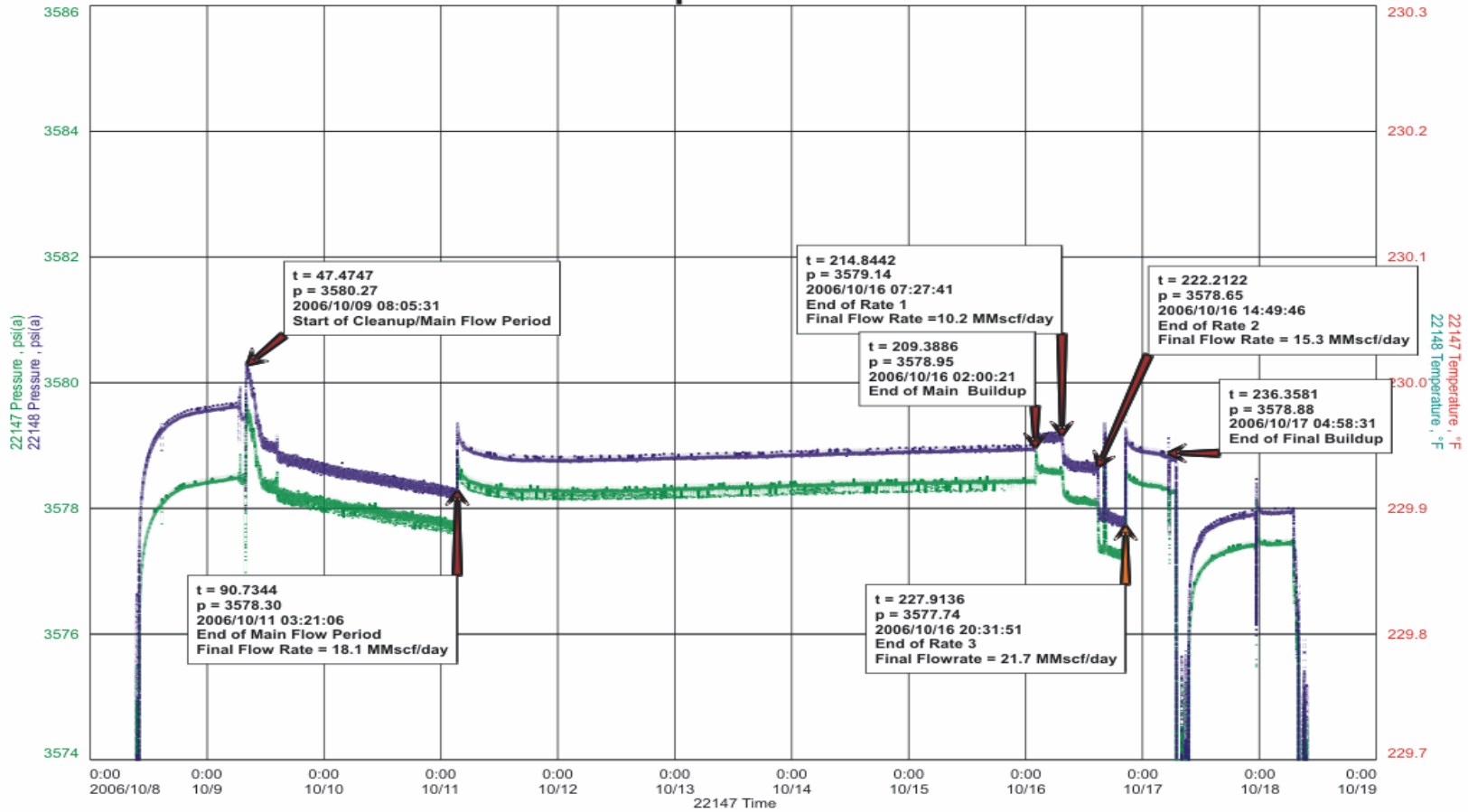
	<u>7" Flow</u>	<u>1<sup>st</sup> DST</u>	<u>2<sup>nd</sup> DST</u>
<b>Flow rate</b>	<b>50MMcfd</b>	<b>7.1MMcfd</b>	<b>21.7MMcfd</b>
<b>Surface Flowing Pressure</b>	<b>2,000psi</b>	<b>500 psi</b>	<b>1,200 psi</b>
<b>Choke size</b>	<b>1 ¾ inch</b>	<b>48/64 inch</b>	<b>60/64 inch</b>
<b>Shut-in surface pressure</b>	<b>3,150 psi</b>	<b>3,150 psi</b>	<b>3,165 psi</b>
<b>Down hole pressure(1624m)</b>	<b>-</b>	<b>-</b>	<b>3,580 psi</b>
<b>Calculated AOF</b>	<b>150 MMcfd</b>	<b>150 MMcfd</b>	<b>2,850 MMcfd</b>
<b>Pipe size</b>	<b>6.37" ID</b>	<b>2.50" ID</b>	<b>2.50" ID</b>

# DST #2 Down Hole Pressure Plot



# Down Hole Draw Down ~ 2 PSI

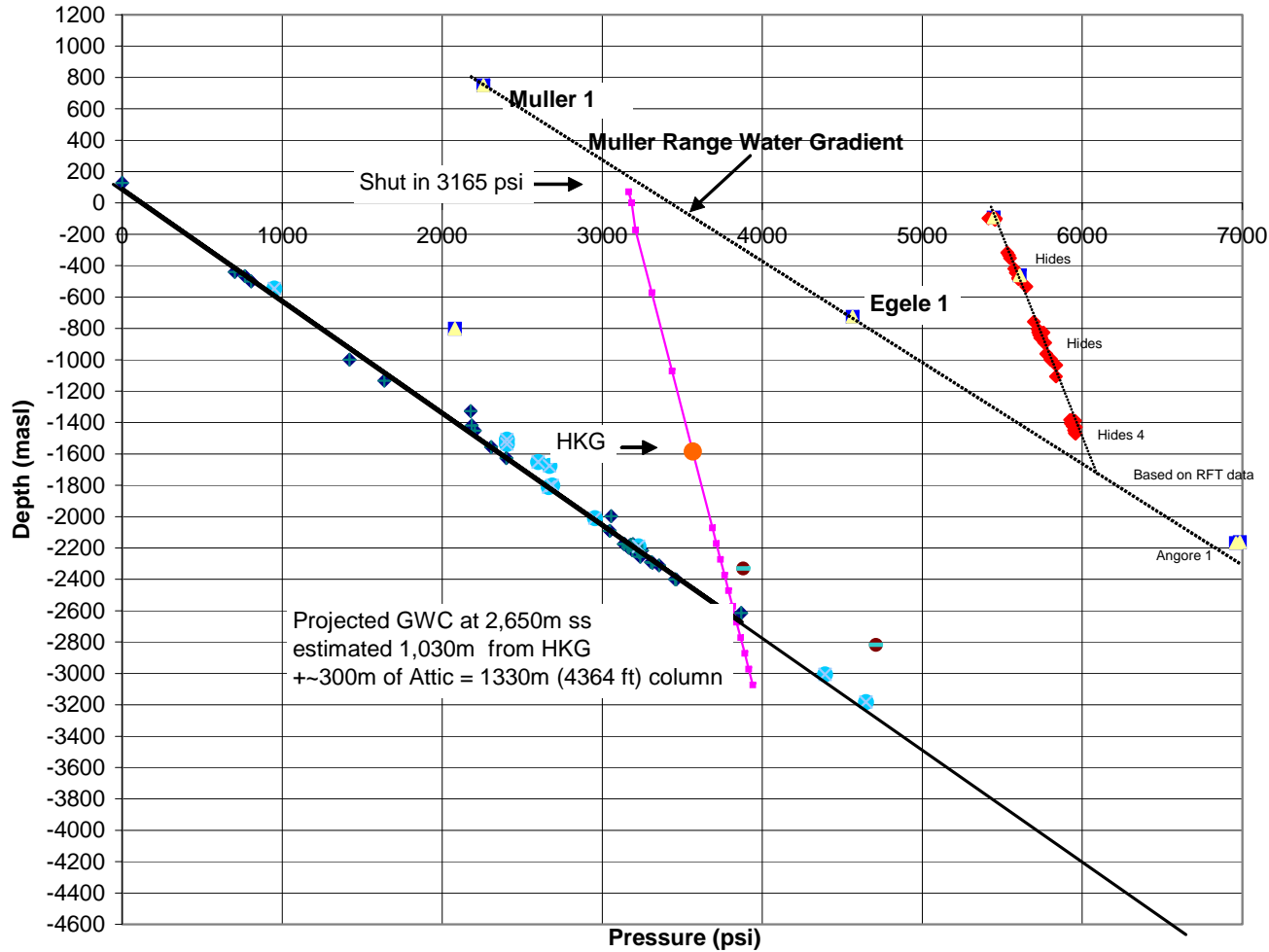
## Elk 1 Open Hole DST



# Elk-1 Gas Column

(Column estimate at ~ 3,400 to 4,400 feet)

## Elk 1 Abnormal Pressure - PNG Regional Aquifer Data



### Key

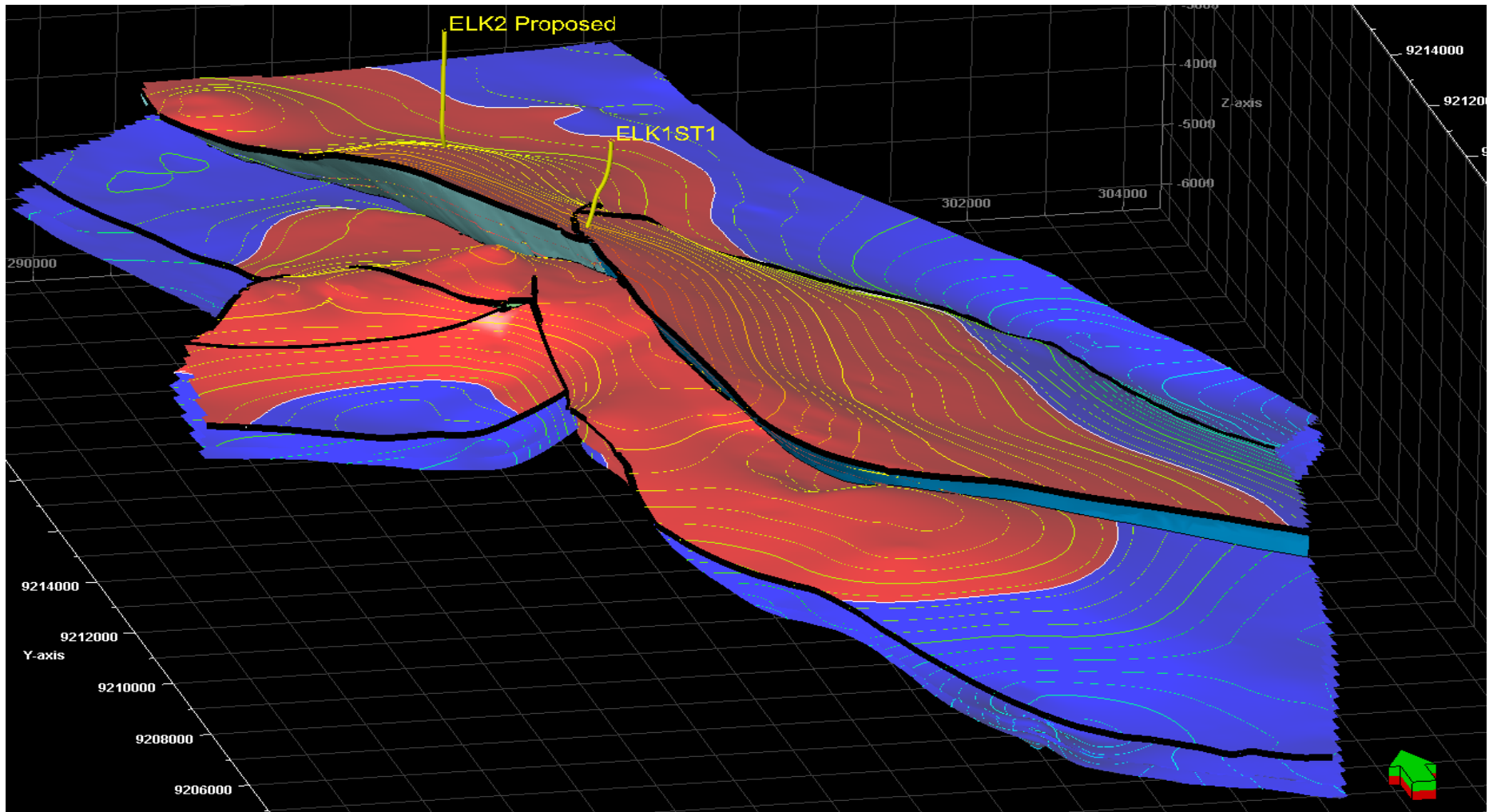
- ◆ Puri Limestone DST pressure data
- Western Inner Fold Belt Data
- Foreland
- ◆ Hides data
- Iviri 1 DST
- + Puri Limestone DST pressure data
- ▲ Western Inner Fold Belt Data
- × Foreland
- Iviri 1 DST
- ELK 1ST1 (DST)
- Pressure Gauge
- Linear (Puri Limestone DST pressure data)
- Linear (Puri Limestone DST pressure data)

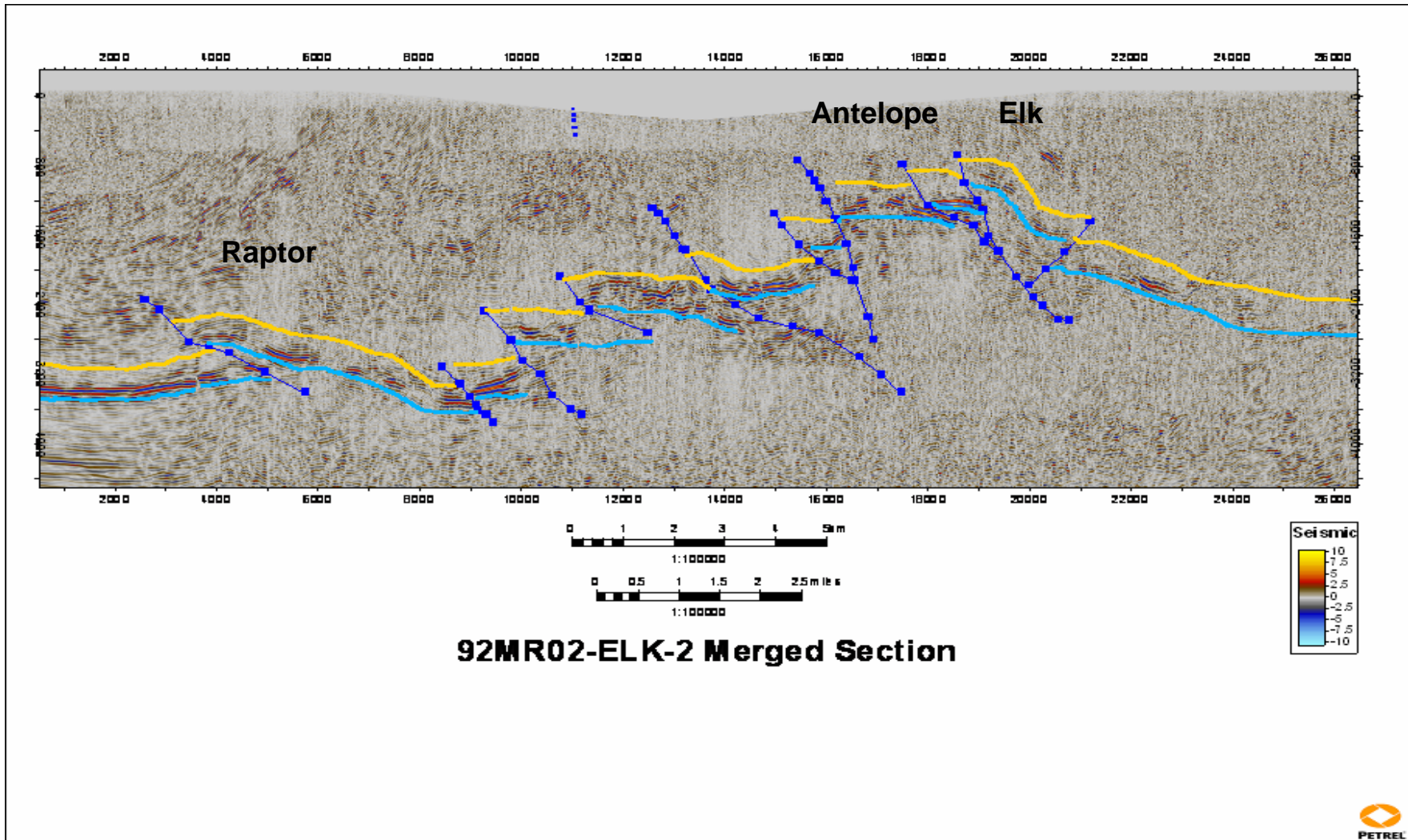


# Elk/Antelope Structure

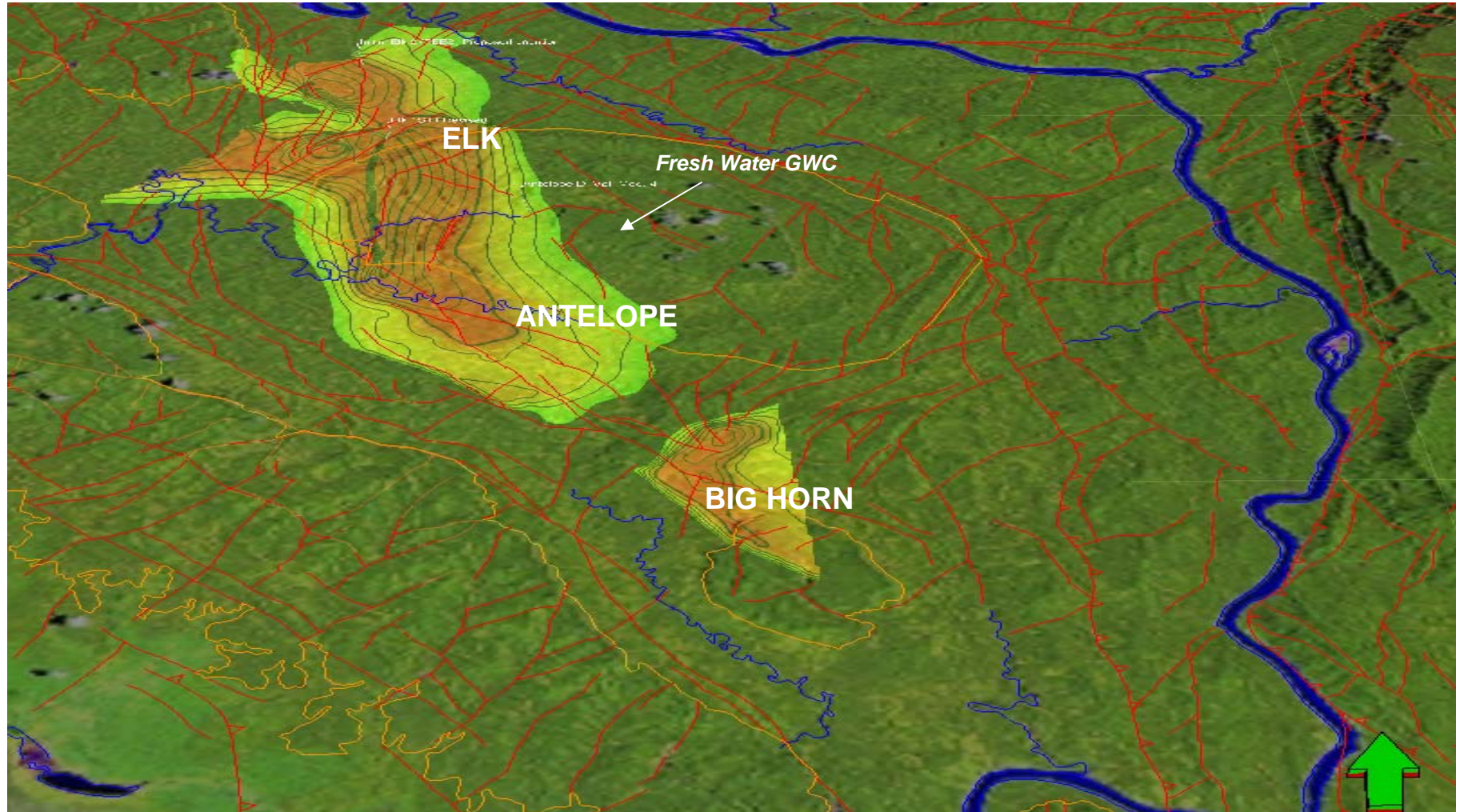
(seismic estimate – projected gas/water contact)

InterOil





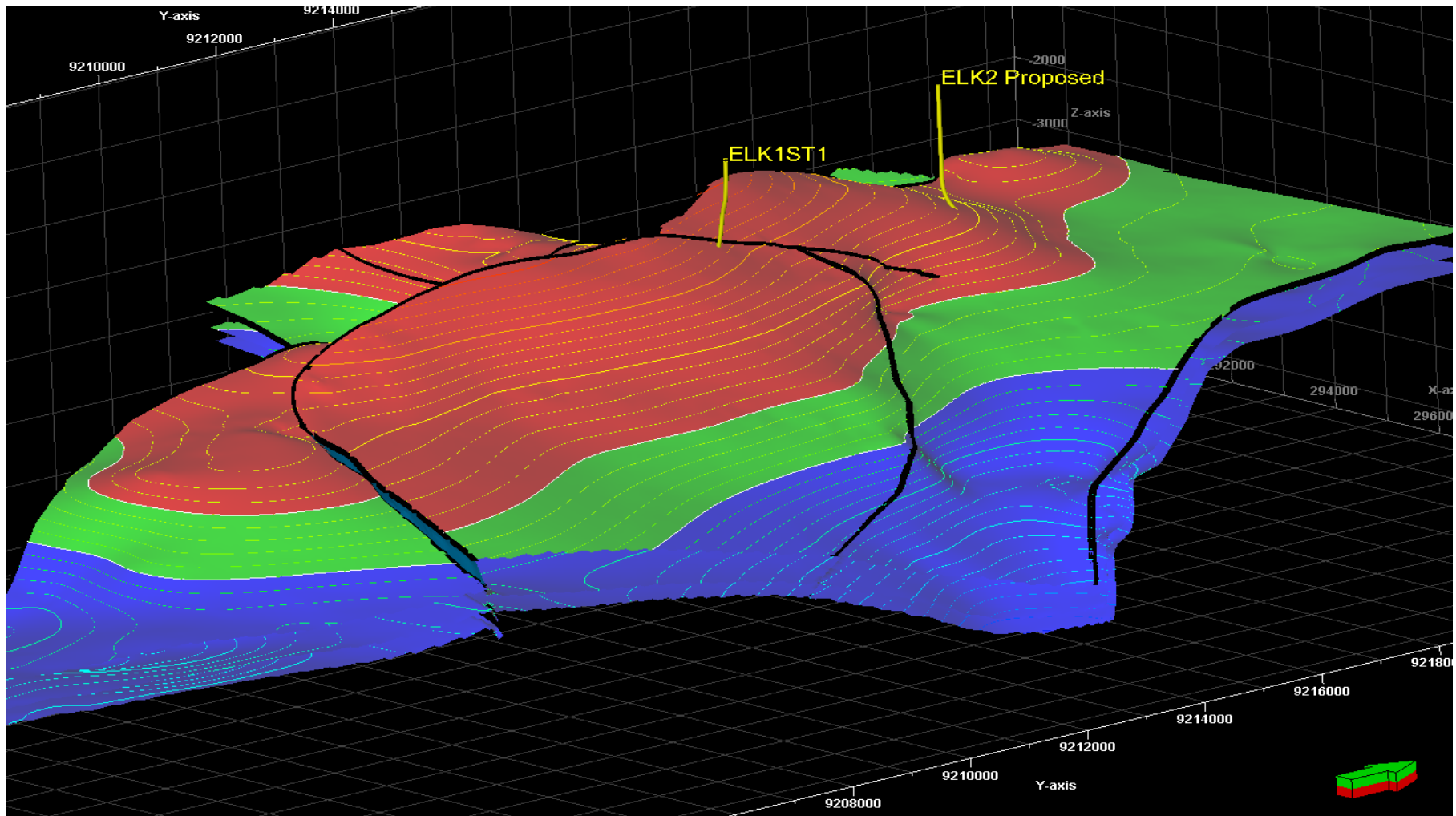
# Elk Trend – Gas Only Case (provisional – top view)





# Elk/Antelope Structure

(seismic estimate – projected theoretical gas/oil/water contact)



- **Shallow very high pressure gas**
  - Reservoir pressure at 3,579 PSI
- **High quality condensate: 46 - 49 API gravity**
  - Gravity decreased over time to 46 API gravity
  - Gas Oil Ratio (GOR) has varied from 30 bbls of condensate per 1 Million scf of gas per day to 5 bbls of condensate per 1 Million scf of gas per day
- **High permeability fractured reservoir**
- **Demonstrated high flow rates**
  - 2.85 Billion SCF of gas per day - Calculated Absolute Open Flow (CAOF)
- **Potential 4,000 feet hydrocarbon column**
  - Oil case would increase column vs. gas case only
- **Potential for oil**
  - Offset wells had free oil (Moose & Puri)
  - Condensate samples confirm oil source as “Peak to Late Mature for Oil” by CSIRO
  - Requires drilling to confirm contact and potential



# Forward Looking Statements

This press release contains forward-looking statements as defined in U.S. federal and Canadian securities laws. All statements, other than statements of historical facts, included in this release are forward-looking statements. Forward-looking statements include, without limitation, statements regarding our drilling plans, plans for expanding our business segments, business strategy, plans and objectives for future operations, future capital and other expenditures, and those statements preceded by, followed by or that otherwise include the words “may,” “plans” “believe,” “expects,” “anticipates,” “intends,” “estimates” or similar expressions or variations on such expressions. Each forward-looking statement reflects our current view of future events and is subject to risks, uncertainties and other factors that could cause our actual results to differ materially from any results expressed or implied by our forward-looking statements. These risks and uncertainties include, but are not limited to, the ability of our refinery to operate at full capacity and to operate profitably; uncertainty involving the geology of oil and gas deposits and reserve estimates; delays and changes in plans with respect to exploration or development projects or capital expenditures; political, legal and economic risks related to Papua New Guinea; the impact of competition; the volatility of prices for crude oil and the volatility of the difference between our purchase price of crude oil feedstocks and the sales price of our refined products; the uncertainty of our ability to attract capital; and the risks described under the heading “Risk Factors” in our 2005 Annual Information Form dated March 31, 2006 and our Management’s Discussion and Analysis for the Third Quarter of 2006.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this MD&A will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise. Our forward-looking statements are expressly qualified in their entirety by this cautionary statement.

We currently have no reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. All information contained herein regarding resources are references to undiscovered resources under Canadian National Instrument 51-101, whether stated or not.