



**InterOil Corporation  
Elk -1 ST -1 well  
Drilling Report No. 12  
13 November 2006**

Elk Prospect

Type: Oil / Gas Discovery well

Location: PPL 238, Eastern Papua Basin  
145° 08' 27.6" E; 007° 06' 0.5" S

Current Status: Evaluating open hole logs and designing long term production test. 5 inch casing is being prepared to be run to 5,266 feet (1,605 meters) and the well will be completed to allow for long term testing.

Activities since last report: DST #2 was performed over the open hole interval from 5,381 feet to 6,508 feet (1,640 meters to 1,983 meters). The test comprised a 43 hour flow period and a 119 hour shut in period for to allow for pressure build up. This was followed by a three rate isochronal test with a total flow duration of 18.5 hours followed by 8.5 hours of build up. The results of all testing of Elk 1 are as follows:

	<u>7" Flow</u>	<u>1<sup>st</sup> DST</u>	<u>2<sup>nd</sup> DST</u>
Flow rate:	50MMcfd	7.1MMcfd	21.7MMcfd
Surface Flowing Pressure:	2,000 psi	500 psi	1,200 psi
Choke size:	1¾ inch	48/64 inch	60/64 inch
Shut-in surface pressure:	3,150 psi	3,150 psi	3,165 psi
Down hole pressure(1,624m)	-	-	3,580 psi
Calculated AOF	150 MMcfd	150 MMcfd	2,850 MMcfd
Pipe size	6.37" ID	2.50" ID	2.50" ID

Open hole wireline logs, including image logs used to evaluate fractured formations, were acquired following completion of DST #2. In addition to InterOil internal analysis and service company evaluation, all the logs and testing data will be provided to a third party engineering firm to evaluate hydrocarbon resource potential.

**Past Data:** Set 20" conductor at 15 feet (5 meters). Drilled 17 1/2" hole to 1,007 feet (307 meters) and ran 13 3/8" surface casing. Set 9 5/8" casing at 3,478 feet (1,060 meters). Ran 7" liner (casing) to 5,393 feet (1,640 meters) and cemented. Drilled a 6 1/4 inch hole into the transitional Marl/Puri Limestone formations to 5,558 feet (1,694 meters).

**Total Depth:** Total depth reached at 6,506 feet (1,983 meters)

**Operator:** InterOil and affiliates - 68.25% working interest, drilling partners interest at 31.75%, subject to PNG government participation.

**Prospect Description:** This well is targeting the Puri/Mendi fractured limestone.

#### **FOR FURTHER INFORMATION:**

##### **InterOil Corporation**

Anesti Dermedgoglou

Vice President, Investor Relations

Cairns Qld Australia

Phone: +61 7 4046 4600

Anesti@interoil.com

The Woodlands TX USA

Phone: +1 281 292 1800

#### **Cautionary 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 Second 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.