



**7 September 2009**

**Salamander Energy plc  
("Salamander" or the "Group")**

**Operational Update Phu Kheng-1**

Salamander Energy plc, the Asia focussed independent oil and gas exploration and production company, announces that the Phu Kheng-1 exploration well in the L27/43 concession, Northeast Thailand, has been suspended ahead of a fracturing ("frac"), completion and testing programme. Salamander holds a net 27.2% interest in the L27/43 concession.

The Phu Kheng-1 well was drilled to a total depth of 2,204 metres sub-sea and encountered Jurassic and Triassic sandstones of the Phu Kradung and Nam Phong Formations. Subsequent wireline logging confirmed these sandstones as being gas-saturated and with low porosity and permeability, as prognosed. A well developed sandstone in the Lower Nam Phong formation, over 130 metres in gross thickness, was selected for frac testing across a 50 metre zone between 1,825 and 1,875 metres sub-sea.

As part of the operating procedure, an attempt was made to perforate the well casing across the test interval by detonating charges using perforation guns, prior to hydraulic stimulation. Subsequent evaluation indicates that the perforation channel into the formation appears insufficient for effective frac treatment and the perforation job will need to be re-run ahead of testing the well.

The L27/43 operator intends to re-perforate the interval and has already obtained the necessary permits to import the explosives, which are currently being procured. It is planned to complete the test programme with use of a workover rig within the next 4 to 8 weeks depending upon the delivery time of the perforating charges and the availability of the rig.

The Phu Kheng-1 well has been suspended with the testing equipment on zero cost stand-by at the well location. The Century 26 drilling rig is currently rigging down and the move to the Si That-3 location is underway. The Si That-3 appraisal well is expected to spud in approximately 7 days.

**Enquiries:**

**Salamander Energy**

James Menzies, Chief Executive Officer  
Geoff Callow, Head of Corporate Affairs

020 7960 1580

**Pelham PR**

Mark Antelme  
Evgeniy Chuikov  
Henry Lerwill

020 7337 1500

## **About Salamander**

Salamander is an Asia focussed, independent, FTSE 250, upstream oil and gas exploration and production company. Salamander has a balanced portfolio of production, development and exploration assets with interests located in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines.