

25 October 2010

Australian Securities Exchange Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Tindalo Operations Update

Nido Petroleum Limited (Nido), as Operator of Service Contract 54A (SC 54A), is pleased to provide an update on the ongoing operations at Tindalo.

Since the last update:

- production continued whilst specialized diagnostic equipment was mobilised to the Aquamarine Driller;
- a suite of diagnostic testing has been undertaken on the well using a coiled tubing deployed production logging tool (CT-MPLT);
- the acquired diagnostic data indicates that mechanical failure has resulted in early water influx in the sidetrack and is due to the packer system failing to provide adequate isolation. The water ingress to the sidetrack is likely from the same water source as supplied the original vertical wellbore and is being produced via the sidetrack liner annulus into the sidetrack itself past the failed packer. Little or no water is coming from the open hole section of the sidetrack.
- following careful and thorough assessment and review of available alternatives, the SC 54A Joint Venture has agreed that the most appropriate remediation option is to workover the well and re-run the liner and completion to reinstate isolation of the liner annulus;
- production from the well will continue whilst all necessary equipment, materials and personnel are mobilised to the rig. Current production rate is 8,000 bfpd with a watercut of 75%
- workover activities are expected to commence in early November and are anticipated to take two weeks to complete.

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Nido will provide a further update on the progress of operations in the coming weeks.

Yours sincerely



Joanne Williams
Deputy Managing Director

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SC 54A Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) - Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%

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