



OTM Crimea well exceeds expectations

Unexpected gas reservoir also found

Vancouver-based OTM International Development announced May 18 that its initial test well in the Aktash field in Crimea has exceeded expectations. The company had begun to drill for oil in the Crimea in February in the first of its kind major Canadian-Ukrainian joint venture in energy. It had signed an agreement with 'Krymgeologia' and the Ukrainian government last November, delivering the first rig the following month.

OTM will be developing the Aktash field which is estimated to hold reserves of 12 million barrels of oil on the Kerch peninsula of the Crimea. The Crimea potentially has total reserves of 470 million barrels of oil and 2 trillion cubic feet of gas. OTM plans to drill 60 wells this year which will produce 300 barrels of oil daily. After Aktash the company plans to move to the Crimean peninsula. The oil will be split 60:40 between OTM and the Ukrainian government.

"With three oil reservoirs plus an unexpected gas-sand discovery, this first test well shows even more potential than we expected," says Ron Cormick, president of OTM. "This is the first new field test well ever drilled by a western company in Ukraine, using advanced western technology, in partnership with a local state organization. The company had to deal with a number of procedural and logistical obstacles during the drilling of this first well, but we do not expect such delays on future wells," he added.


OTM holds the exclusive rights to explore, develop, produce and export oil and gas resources in a 28,000-square-kilometre region in Crimea, where conservative estimates indicate a significant potential for oil, gas, and gas condensate. The company believes that advanced Western technology may confirm even greater energy reserves.

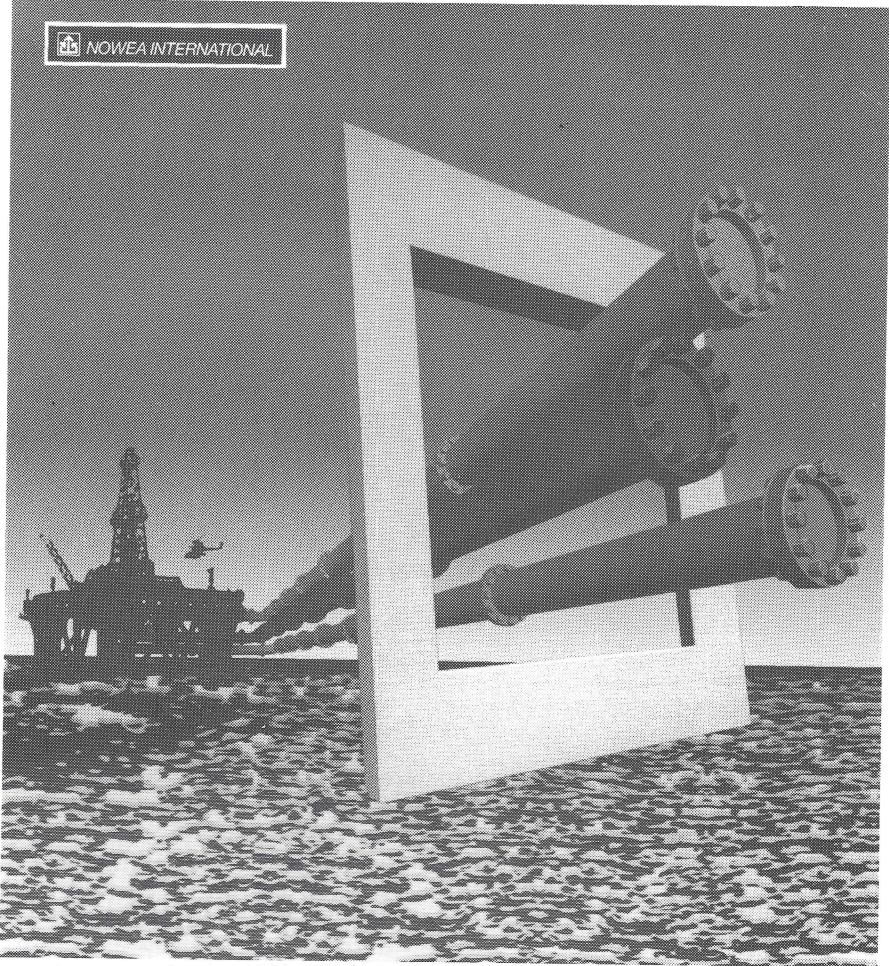
UK-RAN OIL CORP IN CHERNIHIV


An agreement was expected to be reached between Uk-Ran Oil Corporation of Calgary, Canada to develop the Leliaky field near Pryluky, Chernihiv oblast.

VAST OIL POOLS UNTAPPED, TENEREX CORP IN POLTAVA

Ukraine has tremendous oil potential because Soviet drilling methods left vast pools untapped in existing fields, said the president of a company which holds a stake in the first








OIL & GASTEC '95

International Trade Fair.
Equipment for the Oil and Gas Industry.
October 10 - 13, 1995, Kiev/Ukraine
National Center for Fairs and Exhibitions
at the Ukraine Ministerial Cabinet.



NOWEA International GmbH Telephone (+211) 45 60-02
Telefax (+211) 45 60-740
P.O. Box 1010 06 Telex 83588 351 now d
D-40001 Düsseldorf Germany

Western drilling operation in Ukraine.

Speaking at the Canada-Ukraine Chamber of Commerce's breakfast meeting in Calgary in May, Michael Pick, president of Canadian-owned Tenerex Corporation, which holds a one-third share of JKX Oil and Gas, said the first test well the company drilled produced 2,175 barrels of oil per day where the previous maximum had been 600 bpd. The well is also producing 2 million cubic feet of gas.

Pick attributed this success to Western technology. "This is an indication of how useful modern technology is in rehabilitating these fields. It's why we are in Ukraine -- tremendous potential from the point of view of oil and gas production, and indicated resources of very significant magnitude."

JKX, which is controlled by the British JP Kenny Group has a 49% share of Poltava Petroleum. The balance is held by two Ukrainian state firms, Poltavanaftahazheolohia and Poltava Hazprom. The joint venture has a concession for 7,200 sq. km. containing three fields and 69 wells in the Poltava region.

Pick said that wells drilled under Soviet conditions are not up to Western Canadian standards and have to be rehabilitated. Drilling began there last fall. JKX also has an offshore concession of 4,000 sq. km. near Crimea with potential reserves of half a billion barrels of oil. (*Ukrainian News*)