

ASX/MEDIA ANNOUNCEMENT

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The Manager
Companies Announcements Office
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THE OTWAY PETROLEUM PROJECT – WEEKLY DRILLING REPORT AND REGULAR PROJECT UPDATE

HIGHLIGHTS

- Production casing ran and cemented on Hollick-1
- Rig moving to spud Patrick-1 in next few days
- High flow-rates (~1,300 boepd) to Katnook plant achieved during commissioning

The **Otway Petroleum Project** is Adelaide Energy Ltd's (ADE's) 100% owned suite of integrated production, development and exploration oil and gas assets, which are located in the South Australian section of the onshore Otway Basin.

This report provides a weekly drilling report and project update on activities in the **Otway Petroleum Project**.

WEEKLY DRILLING REPORT

ITEM	DETAIL
Well name	▪ Hollick-1
Permit	▪ PEL 255
Participants	▪ ADE – 100%
Primary targets	▪ Jacaranda Ridge/Sawpit sandstone
Measured Depth (MD) - current	▪ 2959 metres (m)
MD @ end of previous week	▪ 2959 m
Metres drilled during week	▪ 0 m
Top of Jacaranda Ridge Sandstone (MD)	▪ 2666 m
Top of Sawpit Sandstone (MD)	▪ 2770 m
Activities during week	▪ 4½" production casing ran & cemented @ 2900 m ▪ Casing not run on bottom 59m due to remnants of fish in hole – however, no reduction in expected producible pay
Current activities	▪ Rig released at midnight last night – preparing to move to Patrick-1 (~40m - same pad – deviated well to different target)
Safety issues	▪ None
Environmental issues	▪ None

PROJECT UPDATE

PROJECT AREA	PROGRESS REPORT
Drilling	<ul style="list-style-type: none">▪ Hollick-1 - see weekly drilling report▪ ADE has determined that the rig will next drill Patrick-1 rather than Brand-1 due to:<ul style="list-style-type: none">• The highly promising early results of Hollick-1 have confirmed much of the seismic analysis carried out on PEL 255 by ADE – and accordingly de-risked Patrick• Patrick-1 has a larger resource target than Brand-1 and at a structural level is a lower risk well• A successful well will provide ADE with higher gas & liquids reserves – gas can be used to underwrite a number of different gas marketing opportunities the company is actively pursuing▪ ADE expects to spud Patrick-1 within the next few days
Well testing	<ul style="list-style-type: none">▪ Preparations for testing Hollick-1 are underway
Production facilities	<ul style="list-style-type: none">▪ Intermittent gas production is now occurring through the Katnook Gas plant as part of the commissioning of the Limestone Ridge pipeline▪ During this commissioning phase a daily flow rate of around 7 TJ of gas and 110 bbls of condensate (~1,300 boepd) was achieved▪ Production has been intermittent over the last few days as various and typical engineering start-up issues are being rectified▪ Steady production is expected to resume in the next week

The Otway Petroleum Project (100% ADE) comprises:

- PEL 255 : contains the Jacaranda Ridge 2 discovery + 5 extra targets
- The Katnook Gas Assets consisting of:
 - The Katnook Gas Processing Plant and associated infrastructure
 - The Ladbroke Grove Gas Processing Plant and associated infrastructure
 - Petroleum Retention Licences 1 (Wynn) & 2 (Limestone Ridge)
 - Petroleum Production Licences 62, 168 & 202
 - Existing gas pipelines to the Gas Plants from wells in the PPL's
 - 13 Producing/shut in gas/gas liquids wells
- PEL's 494 and 496 – 2 exploration licences awarded to ADE on 24 March 2009

For further information contact:

Carl Dorsch
Managing Director
Adelaide Energy Limited
Mob: 0400 508 088
c.dorsch@adelaideenergy.com.au

Neil Young
Chief Commercial Officer
Adelaide Energy Limited
Mob : 0417 850 245
neil.young@adelaideenergy.com.au

ASX Code : ADE

Registered Office
Level 5, 70 Pirie Street, Adelaide SA 5000
www.adelaideenergy.com.au
t +61 8 8228 5207 f +61 8 8228 3235
ABN 43 116 256 823