

9 December 2010

## Western Flank Oil Fairway Exploration Update

- **Major 5 well oil drilling program to start early 2011**
- **Drilling rigs secured by operator for 5-well program**
- **Targeting up to 7.3 mmbbls unrisked recoverable prospective resources**
- **Potential NPV of up to \$75 million unrisked to Drillsearch**
- **Multiple targets in prolific Namur and Birkhead Channel oil plays**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce the planned drilling of five exploration wells in PEL 91 in the Cooper Basin Western Flank Oil Fairway in South Australia (see attached map) commencing in late January-early February 2011. PEL 91 is jointly owned by Drillsearch (60%) and Beach Energy Ltd (40% - operator).

Beach as the operator of the joint venture has advised that it has now secured 2 drilling rigs to support the drilling program. Beach has secured a firm contract with Ensign International for the Ensign #18 drilling rig and has also secured a firm option on the Ensign #30 drilling rig. Either of these two drilling rigs will be available for the PEL 91 five well drilling campaign.

Over the five prospects, the drilling program will target mean prospective recoverable resources of 3.5 mmbbls with a high side potential of up to 7.3 mmbbls prospective recoverable oil resource. The details of the mean and high side unrisked prospective resource potential for each of the oil prospects are shown in the table below.

Unrisked Prospective Recoverable Oil Resources						
Prospect	Primary Target	Oil-in-Place		Recoverable		
		Mean (bbls)	High (bbls)	Mean (bbls)	High (bbls)	
Baudin	Namur	980,000	1,970,000	520,000	1,100,000	
Hanson	Namur	1,640,000	3,710,000	820,000	2,000,000	
Snellings	Namur	850,000	1,900,000	430,000	1,000,000	
Arno	Namur/Birkhead Channel	1,660,000	3,000,000	580,000	1,170,000	
Searcy	Birkhead Channel	4,300,000	8,500,000	1,100,000	2,200,000	

All of the prospects are within the Modiolus 3D Seismic Survey and within 1-2 km of the Chiton Oil Field. The exploration drilling is targeting potential shallow oil pools within the Namur Sandstone, Birkhead Formation Channels, Hutton Sandstone and the Poolowanna Formation - all proven oil plays within the Western flank Oil Fairway.

Managing Director Brad Lingo said "This is an extremely exciting oil exploration program for Drillsearch and we see it as incredible way to start off a very exciting new year for the company. We have lots of exploration and development activity planned and kicking off this long awaited drilling program in the Western Flank Oil Fairway is absolutely the right way to start off"

Managing Director Brad Lingo continued "A discovery in any of these prospects would add significantly to Drillsearch's reserves and overall production. All of these prospects are in close proximity to the Chiton Oil Field and because of their close proximity to the existing Chiton infrastructure, any discovery could be commercialized quickly and provide immediate cash flow to the company."

"The top three prospects in the drilling program are estimated to have very high chances of exploration success with each sitting at approximately the 50% level. Success in any one of the prospects would have a very material impact on the company. We are looking to deliver significant results out of this program that will drive Drillsearch's growth in the near term.' Mr Lingo continued.

For further information please contact:

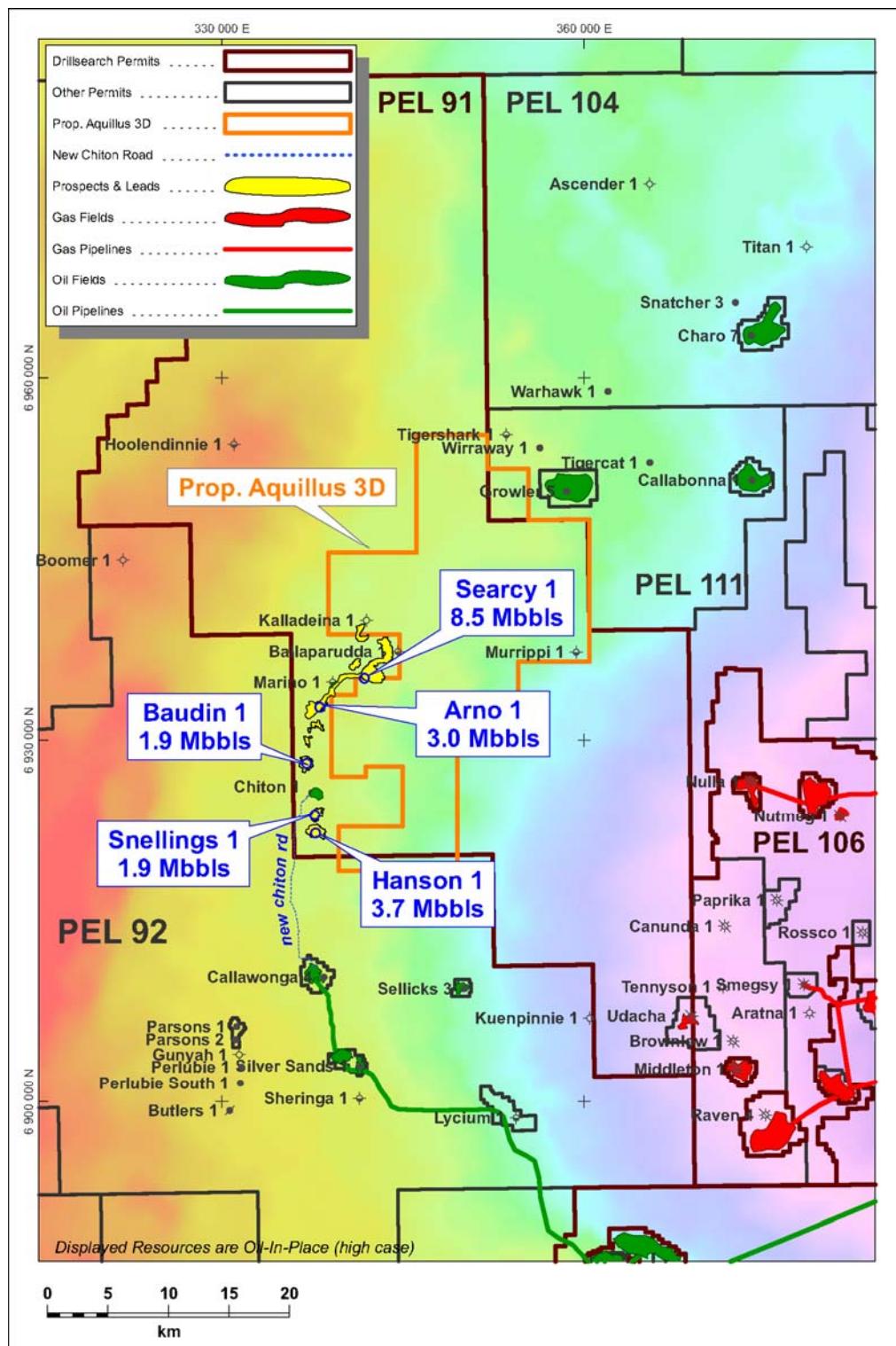


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## Western Flank Oil Fairway 5 Well Drilling Program



About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper/ Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

### Competent Person Statement

Information on the Reserves and Resources in this release is based on information provided to the company by Beach Energy Ltd as operator of the PEL 91 Joint Venture and compiled by Mr. David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release.