

Friday 16th October 2009

Update; Hereford #1 Gas Appraisal Testing

HIGHLIGHTS

- The test program for the commingled productive gas zones of the Greybull and Lakota reservoirs has been completed.
- A maximum stabilised gas flow rate of 10.323 million cubic feet per day was achieved on a 48/64" choke with a maximum unstabilised gas flow rate of 12.483 million cubic feet per day on a 1" choke.
- Standard gas analyses have been completed from both the Greybull interval and the commingled Greybull and Lakota reservoirs that show a gas composition consistent with reports from the original test results in 1956.
- Gas samples have been sent to the Federal Helium Project in Amarillo, Texas for noble gas analysis.
- Further updates will be provided when the test data collected have been analysed for well deliverability and Absolute Open Flow (AOF).

BACKGROUND

The Hereford #1 was drilled by Monsanto in November 1956. Gas was tested from the Greybull Sandstone at a depth of 2600 feet and the Lakota Sandstone at a depth of 2800 feet. Deeper zones in the well were tested but were wet. The well was purchased by Montana Power Company around 1960 and further testing was conducted in the mid-1960s. The well was shut in until it was eventually plugged and abandoned in 1990. When the well was plugged in 1990, cast iron bridge plugs were set over the existing perforations and a surface plug and marker was set. Elk began leasing this trend in 2007 and currently controls over 40,000 gross acres.

PROGRESS

The drilling out of the surface cement and plugs commenced on 28 September, 2009. The first plug was removed and the Greybull sand was tested at 3.1 million cubic feet per day on a 38/64 choke. This was reported to the ASX on 7th October 2009. Subsequently the second plug has been drilled out and the Greybull and Lakota zones have been commingled. Multi-point flow testing of the combined zones began on Monday this week and ended on Wednesday (both US time). During the flow test the maximum stabilised flow rate achieved was 10.323 million cubic feet per day on a 48/64" choke. The maximum unstabilised flow rate achieved was 12.483 million cubic feet per day on a 1" choke. The actual contribution from each reservoir in these commingled test results has still to be verified. As for the earlier flow tests, the pressure build up analysis from these tests indicates excellent quality reservoirs.

Gas samples were collected and analysed from the Greybull reservoir during the first flow test and then again during the combined flow test of the Greybull and Lakota. The samples tested identically within the accuracy of the analysis; the gas analysis for the combined flow is as follows:

Component	Percent	Component	Percent
Nitrogen	57.57%	Carbon Dioxide	0.11%
Hydrogen Sulfide	<0.01%	Methane	41.21%
Ethane	0.77%	Propane	0.23%
Isobutane	0.03%	n-Butane	0.04%
Isopentane	0.01%	n-Pentane	0.01%
Hexanes plus	0.03%		

ELK PETROLEUM LIMITED
L40 Northpoint 100 Miller St North Sydney 2060
PO Box 1717 North Sydney 2059
Tel +61 2 9510 0030 Fax +61 2 9510 0003

DIRECTORS / OFFICERS
Peter Power
Tony Strasser
Chris Mullen
Andy Rigg
Bob Cook
Jo Bourke

Issued Capital: 93.2 m shares ASX Symbol: ELK
Contact : Andy Rigg MD/CEO Email info@elkpet.com www.elkpet.com

Secondary gas samples have been supplied to the Bureau of Land Management office in Amarillo, Texas for further analysis for noble gases Helium and Argon. If sufficient quantities of these gases are present, they will be considered in any economic analysis for development of the discovery.

The company is in the process of analysing the flow test data to determine well deliverables and AOF. These data will be released once they become available. At that time, additional information will also be released as to the structure, stratigraphy and potential reserves for the discovery.

CLARIFICATION

Elk previously announced it had entered into a 50:50 Joint Venture agreement with HNR. HNR LLC is a company based in Colorado Springs, Colorado. Mr. Michael Herman is the President and CEO of HNR.

COMMENT

In commenting on these latest results, Elk Petroleum Managing Director Andy Rigg said "This is a great result for the Company. This operation has shown that not only can the operational risks associated with re-entering old and abandoned wells be safely managed, but that modern testing technology can be successfully applied and deliver the kind of information that is essential today to make field development investment decisions. In the near future, we look forward to a full evaluation and disclosure of the integration of these test results with other geotechnical data and working with our new Joint Venture partner in preparing an appraisal/development program for this discovery.

On behalf of the Board.



Andy Rigg
Managing Director/Chief Executive Officer

DIRECTORS / OFFICERS