

ASX/MEDIA ANNOUNCEMENT

24 March 2010

The Manager
Companies Announcements Office
Australian Securities Exchange



THE OTWAY PETROLEUM PROJECT – WEEKLY DRILLING REPORT

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.

Given the current drilling activity currently being undertaken by ADE in the *Otway Petroleum Project*, the Company will issue drilling reports more frequently if required as the target sands are approached and intersected. Updates on other material Project activities will be made as they arise.

WEEKLY DRILLING REPORT TO 0600 hrs 24 March 2010

ITEM	DETAIL
Well name	▪ Hollick-1
Permit	▪ PEL 255
Participants	▪ ADE – 100%
Primary targets	▪ Jacaranda Ridge/Sawpit sandstone
Measured Depth (MD) – current	▪ 2418m (metres)
MD @ end of previous week	▪ 1710m
Metres drilled during week	▪ 708 m
Target depth – true vertical depth (TVD)	▪ 2860 m
Target depth – measured depth (MD)	▪ 2950 m
Activities during week	Drill ahead directionally in 6¾” hole to 2418m with bit and assembly changes as required (hole angle 17.3 deg, azimuth 54.7 degrees).
Current activity	▪ Drilling ahead
Safety issues	▪ None
Environmental issues	▪ None

Attachment 1 below is a time-depth curve for the well. Progress has not been as expected with rates of penetration slowed by the need to maintain angle and azimuth. It has been difficult to prevent “walking to the right” with lots of corrections being required hampering progress.

Note that the actual performance of Jacaranda Ridge 2 is included for reference. It should be noted that this well did not require the same level of directional control.

Target depth is now expected to be reached in the next 4 -5 days.

The Otway Petroleum Project (100% ADE) comprises:

- a. PEL 255 : contains the Jacaranda Ridge 2 discovery + 5 extra targets
- b. 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
- c. PEL's 494 and 496 – 2 exploration licences awarded to ADE on 24 March 2009

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ASX Code : ADE

Attachment 1 – Depth vs Time Curve

Hollick - 1 : Planned vs Actual

