

# ASX/MEDIA ANNOUNCEMENT

10 March 2010

The Manager  
Companies Announcements Office  
Australian Securities Exchange



## **THE OTWAY PETROLEUM PROJECT – WEEKLY DRILLING REPORT AND REGULAR PROJECT UPDATE**

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 and other ongoing activity currently being undertaken by ADE in the *Otway Petroleum Project*, the company intends in this quarter to issue weekly drilling reports and regular project updates to investors on the progress being made in the various drilling and other project areas.

### **WEEKLY DRILLING REPORT TO 0600 hrs 10 March 2010**

ITEM	DETAIL
Well name	▪ Hollick-1
Permit	▪ PEL 255
Participants	▪ ADE – 100%
Primary targets	▪ Jacaranda Ridge/Sawpit sandstone
Measured Depth (MD) – current	▪ 902 m (metres)
MD @ end of previous week	▪ 0 m
Metres drilled during week	▪ 902 m
Target depth – true vertical depth (TVD)	▪ 2860 m
Target depth – measured depth (MD)	▪ 2950 m
Activities during week	▪ Spud 4 March 2010, drill 12¼" surface hole, run 9 5/8" casing
Current activity	▪ Finish running 9 5/8" casing
Safety issues	▪ None
Environmental issues	▪ None

Following rigorous internal technical analysis, ADE has determined that it will be optimal to drill both Hollick-1 and Brand-1 prior to flow testing the wells in the event of a discovery, for the following reasons:

1. Safety will be maximised and environmental risks minimised.
2. It will be significantly more cost effective.
3. More time will be made available to optimise the test program in light of drilling results.
4. The best testing equipment will be identified post drilling and mobilised to site.
5. Target sand intervals will be perforated in the order best designed to avoid down-hole problems rather than obtain the best early flow rates.

ADE will report any material developments that might arise during actual drilling and following logging, but ultimately expects a fuller report on results to follow once the testing program is completed after the drilling rig has moved off the wells.

### PROJECT UPDATE

PROJECT AREA	PROGRESS REPORT
Drilling	<ul style="list-style-type: none"> <li>▪ See weekly drilling report</li> <li>▪ A picture of the Hunt rig on the Hollick 1 well - Attachment 1 (note: the surface location of the well is 40 metres to the west of the Jacaranda Ridge 2 well – the target sandstone is some 500m to the north east)</li> </ul>
Production enhancement	<ul style="list-style-type: none"> <li>▪ Following various production enhancements on existing wells, revenues in February 2010 were over \$230k</li> </ul>
New facilities	<ul style="list-style-type: none"> <li>▪ The installation of the new gathering pipeline network connecting gas discoveries with the Katnook Plant is now virtually complete – flow from Limestone Ridge is expected to commence by month end</li> <li>▪ Pressure testing of the pipelines between Jacaranda Ridge and Limestone Ridge and Katnook has been successfully carried out</li> <li>▪ No LTI, environmental or other issues have arisen in the construction to date</li> </ul>
Seismic	<ul style="list-style-type: none"> <li>▪ Terrex commenced seismic acquisition in PEL 496 last week</li> <li>▪ This was completed earlier this week and the seismic crew has moved to PEL 494 to undertake a seismic program in that permit area</li> <li>▪ ADE expects the 2D acquisition (total of 95kms) to be completed by end next week: full processing and interpretation to be finalised by mid year</li> </ul>

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

**For further information contact:**

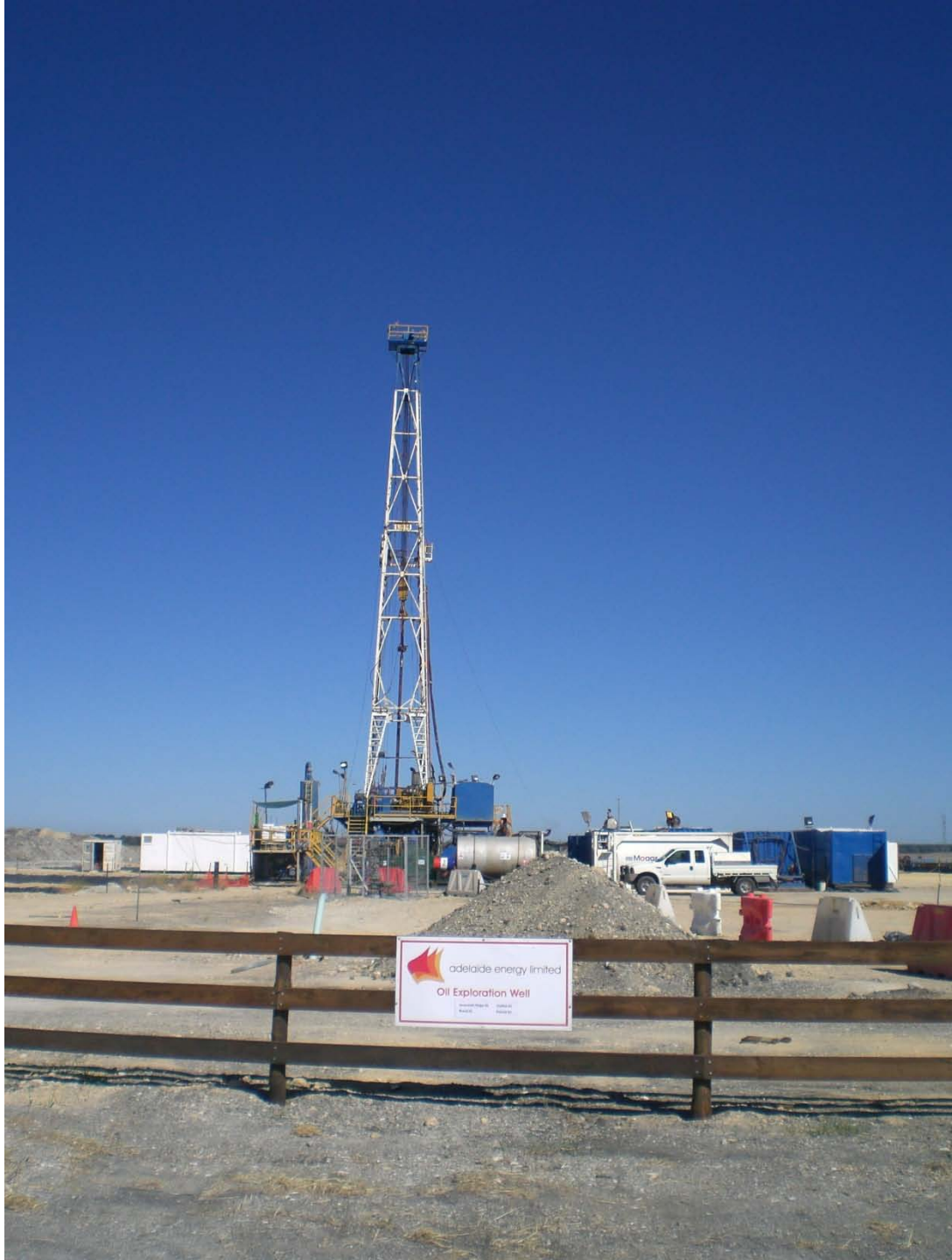
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## Attachment 1 – Hollick 1 Drilling



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