

## ASX ANNOUNCEMENT

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TO: The Manager, Company Announcements ASX Limited

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### SURPRISE-1 – HORIZONTAL DRILLING PLANS

Central Petroleum Limited (ASX:CTP) ("Central" or the "Company") has pleasure in announcing that new drilling plans have been adopted for Surprise-1 after in-depth consultation with new key management staff, Chief Operating Officer Dalton Hallgren and Exploration Manager Trevor Shortt. Mr Hallgren and Mr Shortt have extensive North American horizontal and unconventional drilling and completion experience and have added valuable insight and momentum into a refined drilling plan for Surprise-1.

It had been planned previously to drill a sidetrack section in preparation for a possible vertical completion and production scenario. It is now planned to drill through the bottom cement plug at (top of approximately 2,300m) to an approximate depth of 2,770m in 8.5" hole before running a full suite of electric logs and rotary sidewall cores.

Following evaluation of the section from the base of the Mereenie Sandstone to the mid Pacoota Sandstone, 7" casing is planned to be run to the depth of 2,750m before contingently drilling ahead in 6" hole to a Total Depth of approximately 3,450m to evaluate possible Direct Hydrocarbon Indicators (DHIs) in the lower Pacoota Sandstone, the Goyder Formation and the upper section of an interpreted salt dome.

Although the already drilled lower Stairway Sandstone with very positive oil shows may have suffered formation damage from exposure to drilling mud for close to 12 months, the rest of the section will be fresh formation and electric logging will "see" well beyond any potentially damaged zones close to the well bore.

Production from a vertical well bore may be possible, however, if the results of evaluation show that the Company could anticipate considerably enhanced production potential there are contingent plans to drill horizontal well bores or high angle slanted directional well bores through selected target zones.

"This new well plan devised by Central's capable technical team gives us the flexibility to apply advanced drilling and completion techniques that have been well understood and widely applied in North America for some time, especially in unconventional plays" said Mr John Heugh, Central's Managing Director today.

A daily drilling update on time versus depth from Rotating Kelly Bushing (RKB) and a well prognosis is available on the Company's website. These will incorporate the new well plans as soon as possible. Further announcements will be made as appropriate.

The Surprise-1 re-entry is the first of this current liquids focussed drilling programme on Central's acreage position including Madigan or Simpson East and Mt Kitty.

The Company plans to complete the drilling of Surprise-1 by about mid December 2011, contingent on Total Depth (TD) drilled to and evaluation of ongoing results.

Under the terms of the contract, Hunt Rig 3 is expected to be stacked in Central's warehouse and yard facilities at Alice Springs during any break in drilling occasioned by the wet season. Hunt Rig 3 has been extensively refurbished with new or upgraded main motors, rotary table, mud tanks, Blow Out Preventer (BOP) and mud pumps.



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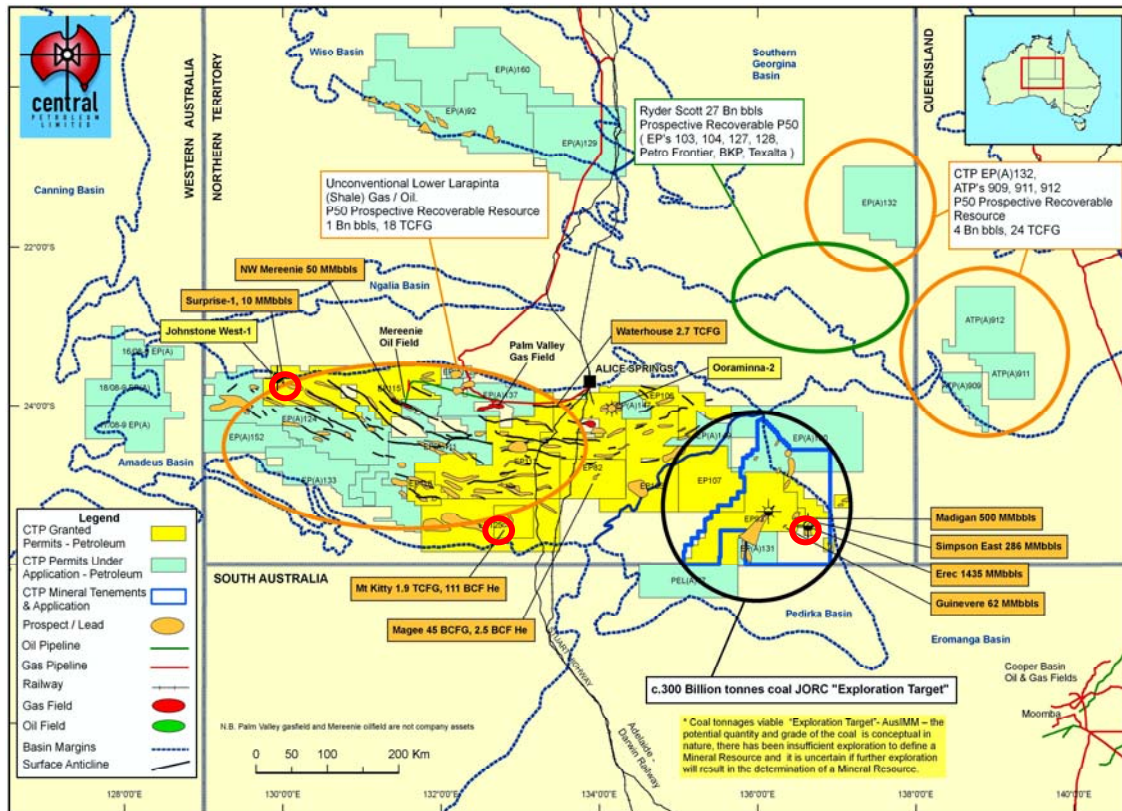
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Central has previously reported estimates confirmed by independents RPS Energy, (subject to confirmation of visual hydrocarbon saturation by electric logging, pressure data and flow testing), that one 9m zone alone in the already drilled section of Surprise-1 has the ability to flow at between c.500 to c.1,000 barrels per day. Surprise-1 had not drilled into the main target zone, the Pacoota Sandstone and there are other potential Direct Hydrocarbon Indicators throughout the Pacoota Sandstone. Two additional oil shows in the Lower Stairway Sandstone above the 9m cored zone remain unevaluated other than in visual inspection of cuttings.

John Heugh

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- EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and Oil & Gas Exploration Limited ("OGE") (previously He Nuclear Ltd) Magee Prospect Block) - HEA 100%
- Magee Prospect Block, portion of EP 82 - HEA 84.66% and OGE 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA 130, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 100% ("MEE").
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- EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and OGE Mt Kitty Prospect Block) and EPA-124 - ORP 100%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and OGE 24.59%.
- EP-112, EP-115, EP-118, EPA-111 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd 100%.
- PEPA 18/08-9, PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.

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**Part of the 9m core cut at Surprise-1 December 2010 (c.2,252-2,253m depth RKB)**