

26 November 2009



Media Release

Drilling Program Update – ATP814P and ATP813P

Blue Energy Limited (ASX: BUL) advises that the Kanaka 1 CSG corehole in Blue Energy's Galilee Basin permit (ATP813P) is currently at a depth of 944 metres and coring ahead in Triassic Rewan Formation. Intermediate casing has been run and set at 830 metres and has isolated the Jurassic aquifer section. It is expected that the well will intersect the primary objective Permian Betts Creek Beds within the next few days. Kanaka 1 is the first in a 10 well corehole program to be conducted by Blue Energy in ATP813P to investigate the Coal Seam Gas (CSG) potential of the Permian aged Betts Creek Beds and Aramac Coal Measures. The well is located approximately 30 km northwest of the township of Aramac in Central Queensland. AGL's Glenaris pilot CSG project is located approximately 60 km to the southwest.

The Monslatt 1A CSG core hole in ATP814P located approximately 100 metres to the northwest of the Monslatt 1 stratigraphic well (and 30 km east of Arrow Energy's Moranbah Gas Project), is currently at a depth of 511 metres and preparing to isolate a reactive coal zone by setting a cement plug before coring ahead. The reactive zone was cored and contained a 6 metre coal seam which has, to date, yielded up to 18.4 m³/tonne of gas (raw) with a preliminary composition of 95% methane. This result is from the first 3 days of desorption testing. Earlier, two Drill Stem Tests (DST's) were conducted on separate coal zones with DST 2 (over the interval 389 metres to 402 metres) producing gas to surface. The forward plan for Monslatt 1A is to core ahead and intersect the thick coal seams (interpreted from cuttings as 14 to 24 metres) at 600 and 700 metres identified in the Monslatt 1 stratigraphic well.

END

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Figure 1: ATP813P drilling program location map

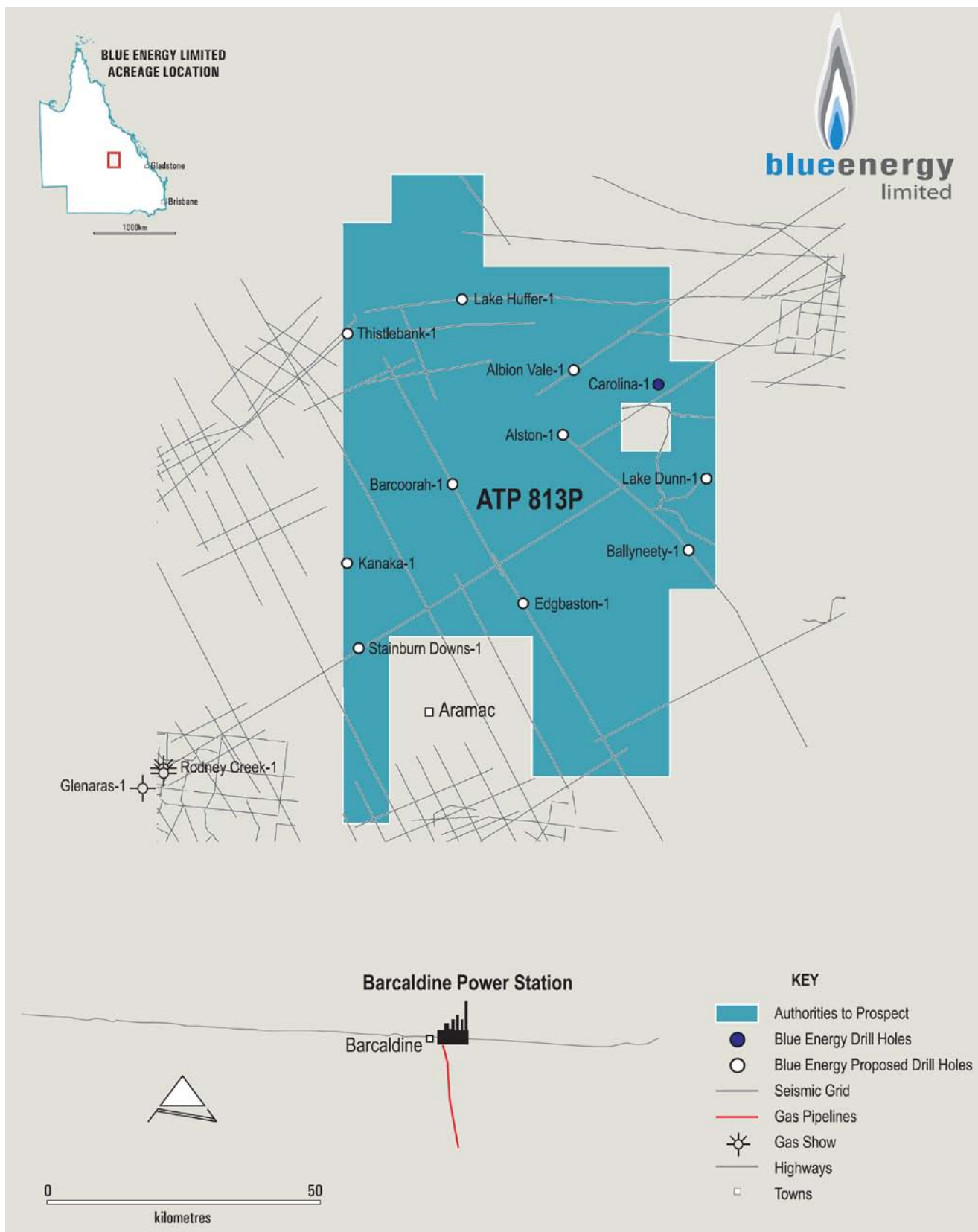


Figure 2: ATP814P drilling program location map

