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Media Release

Farmout of Cooper Basin PEL 106 Spinel Block

Blue Energy Limited (ASX:BUL) has entered into a farmout agreement with Odin Energy Limited ("Odin") whereby Odin will reimburse 100% of Blue Energy's \$4.6 million expenditure on the recently completed Spinel Block 3D Seismic Survey.

Odin has paid a non refundable deposit of \$2 million with the balance of approximately \$2.6 million due within seven days of Odin receiving listing approval from the ASX, expected to be late June 2007. Odin will earn a right to participate in a four well drilling program to earn a 25% interest in the highly prospective 360km² Spinel Block within PEL 106 operated by Great Artesian Oil & Gas Ltd.

Blue Energy fully funded a 360km² 3D seismic survey over the Spinel Block which was completed in April 2007 and will be followed by a four well drilling program to earn its 50% interest in the block. The program forms part of the largest exploration 3D seismic program undertaken in this portion of the Cooper Basin. Importantly, the survey will also provide detailed seismic imaging across a number of previous gas/condensate discoveries which will aid in planning future development drilling scenarios. This includes the **Roscco 1** and **Paprika 1** discoveries.

Sharif Oussa, Managing Director of Blue Energy said, "While interpretation of the 3D Seismic Data is still underway we anticipate the data will give greater definition to the 21 high priority targets within the Block. The farmout to Odin places the Company in a sound position to complete it's earn into the block and to participate in the numerous drilling opportunities that have been identified. We expect the first well in this program to spud in late July."

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