

VICTORIA PETROLEUM N.L.

Incorporated in Western Australia

A.B.N 50 008 942 827

24 September 2003

The Manager Companies
Australian Stock Exchange (Adelaide) Limited
Level 19,
91 King William Street
Adelaide S.A. 5000

ATTENTION: MR DAVID WHITE

Dear Sir,

**DRILLING REPORT FOR EUCALYPTUS-1, SOUTH AUSTRALIAN COOPER BASIN
PERMIT PEL 88.**

Victoria Petroleum NL has been advised by the Operator, Cooper Energy NL that at 6.00am (CST) Eucalyptis-1 was at a depth of 565 metres and drilling ahead

Spud Date:	1800 hours on 20 September 2003
Days since Spud:	4
Depth:	565 metres
Operation at 0600 hours:	Drilling ahead
Planned Total Depth:	2,660 metres

The Eucalyptus-1 well will test the seismically defined Eucalyptus structure which has been interpreted to have the potential to contain recoverable reserves of up to 9 million barrels of oil, if oil is present.

Target horizons in the Eucalyptus-1 well are Jurassic and Triassic sandstones. Some encouragement for the oil bearing potential of the Eucalyptus Prospect is provided by the combined oil flow rates of 3,210 barrels of oil per day reported from the Triassic sandstone from the Santos James Oil Field discovery well, James-1, 14 kilometres to the west of the Eucalyptus-1 well location.

In addition to the Eucalyptus Prospect, follow up prospects to the north of the James Oil Field and the Eucalyptus Prospect are the Acacia Prospect with the potential to contain recoverable oil reserves of up to 15 million barrels, if oil is present and the Casuarina Prospect with the potential to contain recoverable oil reserves of up to 18 million barrels, if oil is present.

PEL 88 forms part of Victoria Petroleum's exportation portfolio in the South Australian Cooper Basin, the largest gross acreage position of 21,890 sq kms in the South Australia Cooper/Eromanga Basin, with a net acreage position second only to Beach Petroleum Ltd.

With the current exploration success rate of 45% in the South Australian Cooper/Eromanga Basin for the ex-Santos acreage, highlighted by the most recent Cooper Energy NL 1,600 bopd Worrior-1 oil discovery, exploration success may be forthcoming with the drilling of Eucalyptus-1.

Within the overall South Australian/Queensland portion of the Cooper/Eromanga Basin Victoria Petroleum maintains its position as the largest gross holder of exploration acreage.

The South Australian Cooper Basin program will become an immediate core area of focus for Victoria Petroleum with up to 11 wells to be drilled over the next 3 years, with the next drilling following Eucalyptus-1 being the 3 well "back to back" drilling program planned for PEL's 104 and adjoining PEL 111 in March 2004.

The attached map shows the location of the Eucalyptus-1 well and Victoria Petroleum's large acreage position in the South Australian Cooper Basin. With some 21 wells planned to be drilled in the next nine months, the South Australian Cooper Basin will be a "hot spot" of drilling exploration activity.

With the drilling activity within and adjacent to Victoria Petroleum's permits, I believe that Victoria Petroleum is well placed to have the opportunity to enjoy exploration success as have Beach Petroleum Ltd, Stuart Petroleum Limited and Cooper Energy NL.

Victoria Petroleum NL is earning a 10% interest in Eucalyptus-1 and PEL 88.
Cooper Energy N.L. is the Operator for PEL 88 and the drilling of the Eucalyptus-1.

Yours sincerely,

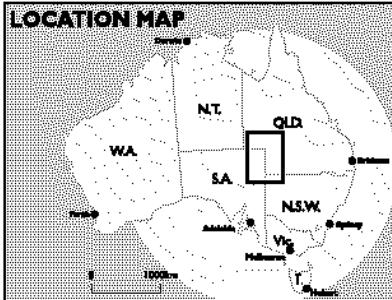
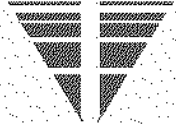


JOHN KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM N.L.

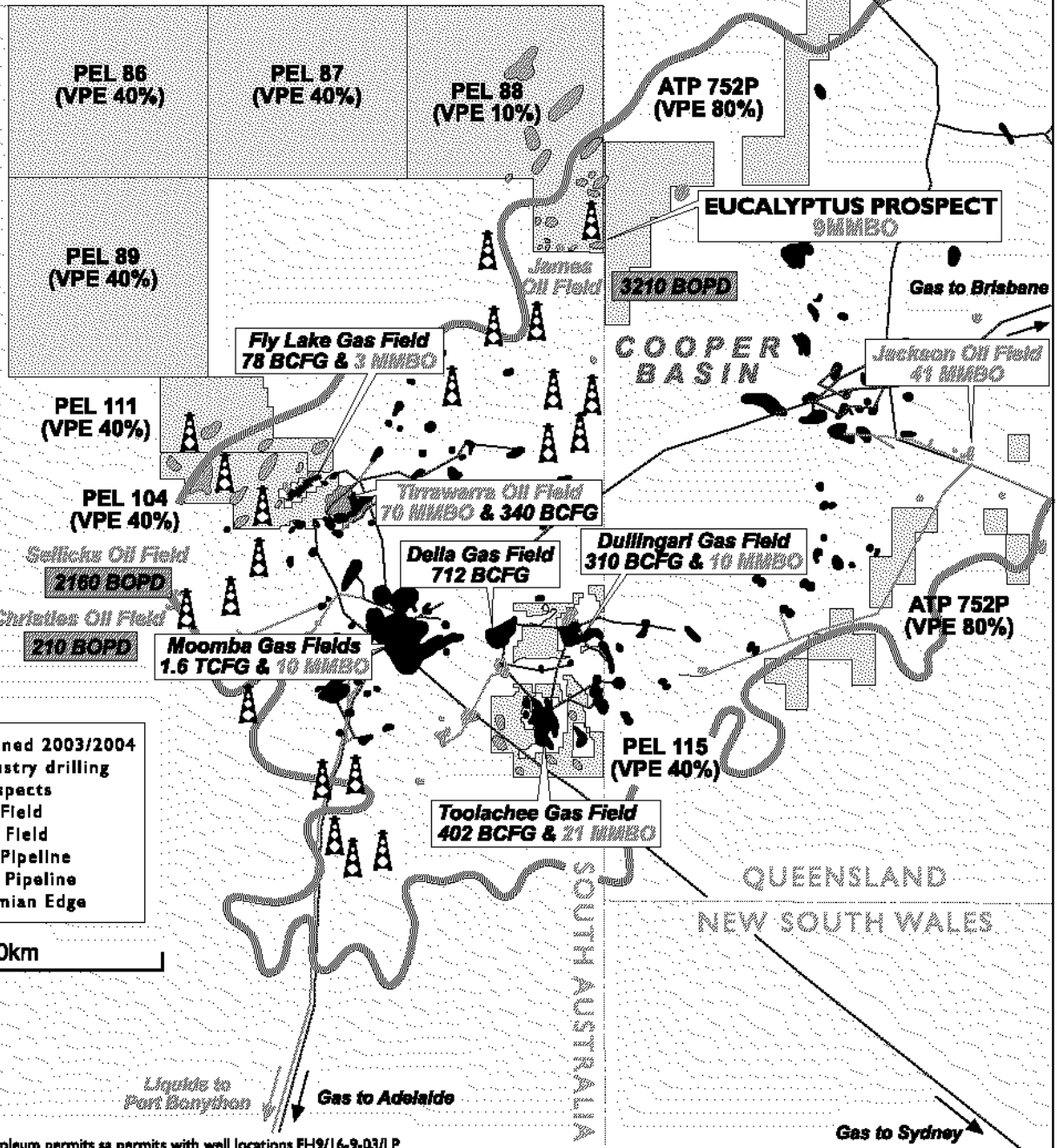
***For information on Victoria Petroleum's drilling activities visit our website at
www.vicpet.com.au***

VICTORIA PETROLEUM N.L. PERMITS COOPER / EROMANGA BASIN SOUTH AUSTRALIA & S.W. QUEENSLAND SEPTEMBER, 2003

VICTORIA PETROLEUM



QUEENSLAND



- Planned 2003/2004 Industry drilling
- Prospects
- Oil Field
- Gas Field
- Oil Pipeline
- Gas Pipeline
- Permian Edge

100km