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**Australian Stock Exchange
Electronic Lodgment**

**DRILLING REPORT FOR KIANA-1, PEL 107
SOUTH AUSTRALIAN COOPER BASIN**

Great Artesian Oil and Gas Limited ("Great Artesian") wishes to announce the following status of the Kiana-1 oil exploration well, as at 0600 hours CST 1 September 2005, currently being drilled by Beach Petroleum Limited ("Beach") on behalf of the PEL 107 Joint Venture.

Depth	1509 m
Operation	Drilling ahead in the Namur Sandstone

As announced by the Operator yesterday afternoon, the results of DST #2 conducted over the interval 1436.3 – 1446.1 m was a flow of water at a rate of approximately 120 barrels per day. This follows the DST #1 conducted over the interval 1437.7 – 1444.0m which was a mis-run due to clogging of the test tool by drill bit cuttings. These intervals were considered secondary targets because they do not produce oil in the adjacent Spencer or Muteroo oil fields. However, testing was warranted on the basis of inferred reservoir quality sandstones and presence of good fluorescence shows and elevated gas readings. Drilling has now resumed to the primary target zone within the Hutton Sandstone which should be intersected on Friday.

Participants in the Kiana-1 well are

Beach (Operator)	40%
Great Artesian	30%*
Magellan Petroleum Australia Limited	30%*

* Magellan's interest is subject to a farmin with Great Artesian and conditional upon a commercial discovery.

A time depth chart is attached.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. Shaw', is written over a horizontal line.

Dr Raymond D. Shaw

KIANA-1

Time Depth Chart

