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ASX ANNOUNCEMENT

Date : 2 October 2006

To : **Australian Stock Exchange Limited**
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

DAILY DRILLING REPORT – Kiana 2 WELL **(PPL 212 South Australian Cooper Basin)**

Great Artesian Oil and Gas Limited ("GOG") advises that the current status of the Kiana-2 appraisal well is as follows :

Time of Report :	6.00 hours (CST) 2 October 2006.
Well Depth :	307 m.
Current Operation :	Drilling Ahead, following bit change at 157m.
Forward Operations :	Drill ahead to approximately 790m, run and set 9 5/8" surface casing.

Kiana-2 is an appraisal well located approximately 600m southwest of the Kiana-1 oil field discovery well. Kiana-2 spudded at 0130 hrs on 1 October 2006 and drilled to 157 m where hard duricrust damaged the drill bit. The bit was changed and drilling has resumed.

Kiana-2 is designed to obtain more information on the physical extent of the Kiana oil field by testing a sub-culmination approximately 600 m to the west-southwest of Kiana-1. If successful, Kiana-2 will address an incremental recoverable reserve potential of 520,000 barrels (mean) to 870,000 barrels (P10) of recoverable oil. The Kiana-2 location is also designed to optimize additional production which otherwise cannot be accessed by Kiana-1.

Interests in Kiana-2 are as follows :

Beach Petroleum Limited (Operator)	40.0%
Great Artesian Oil and Gas Limited	30.0%
Magellan Petroleum Corporation	30.0%

Kiana-2 is the first of five back to back wells to be drilled within the precincts of PEL 107. Following Kiana-2 the rig will move immediately to Keeley-1, a gas/condensate exploration target located approximately 6 km to the west-northwest.

Further details can be obtained on the company's web site or by contacting Dr Ray Shaw, Managing Director on 02 9929 3383.

Yours faithfully,



Dr Ray Shaw
Managing Director

Attachment : Location Map

