

ASX ANNOUNCEMENT - FOR IMMEDIATE RELEASE

27 November 2006

NEW WELL FOR DUNOON RIDGE

DRILLING ANNOUNCEMENT - DUNOON 2

Stuart Petroleum Limited is pleased to advise that the Dunoon 2 exploration well, the next well in the 2006 Drilling program, will be drilled on the Dunoon Ridge to further test the oil producing trend confirmed by recent discoveries at Revenue, Rimfire, Might & Power and as a follow up to the original discovery at Harpoono.

Dunoon 2 is located 2.3 km south west of the Harpoono oil discovery and 500 metres north west of Dunoon 1 on the Dunoon Ridge. The Dunoon 1 well, drilled in 1984 by Delhi Petroleum, had oil shows in the Murta Formation and the McKinlay Member. The Dunoon 2 well will target oil in these zones.

The Dunoon 2 structure has potential oil in place of 0.72 million barrels (mean) in the Murta Formation and the McKinlay Member.

The Dunoon 2 well is expected to spud on or about 1 December 2006.

For further information please contact: Managing Director Tino Guglielmo on (08) 8410 0611

Stuart Petroleum Limited [ASX symbol: STU] is a specialist Cooper Basin Exploration and Production company with a significant land holding in the South Australian Cooper Basin, a world class oil and gas province.

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DUNOON 2 EXPLORATION WELL

Details

Licence:	PEL 113 - Cooper / Eromanga Basins SA		
Participants:	Stuart Petroleum Ltd (Operator)	66.7%	
	Beach Petroleum Ltd	33.3%	
Rig:	Hunt Rig 3		
Potential Original Oil in Place:	0.72 million barrels (Mean Value)		
Target Strata:	Primary:	Murta (oil)	
		McKinlay (oil)	
	Secondary:	Hutton (oil)	
		Birkhead (oil)	
Total Depth:	1470 metres		

Commentary

Dunoon 2 is an exploration well designed to test the oil potential of the Murta Formation and the McKinlay Member in which oil shows were reported in the Dunoon 1 well located 500 metres to the south east. Dunoon 2 is mapped as being updip of Dunoon 1 at the Murta.

North of Dunoon 2, the Harpoono oil field has oil in the Murta and McKinlay reservoirs and northwest of Dunoon 2; Rimfire has oil in the Murta. The closest well to the north is Might and Power 1 in which a small amount of oil was recovered from the McKinlay and further testing is underway to recover oil from the Murta.

In Dunoon 1, a wide interval of the Murta was tested. The test showed partial plugging and a small amount of mud (with no water) was recovered.

The Harpoono 3D Seismic Survey, recorded in 2005, was used to map the Harpoono and Revenue oil discoveries and the Dunoon structure. If Dunoon 2 is successful, there are a number of follow-up structures in the area to be drilled.

Pre-Drill Estimate of Oil in Place (thousands of barrels)

Oil in Place					
Formation	P90	P50	Mean	P10	Pg
Murta	92	188	216	382	35%
McKinlay	229	447	500	857	32%

Pg = Geological Risk

Target Horizons

Murta Formation

The Murta Formation is a primary target of the Dunoon 2 well.

Harpoono 1 and 2 both flowed oil on test and have produced more than 40,000 barrels. More recently, Rimfire 1 recovered 7.5 bbls of oil on test and recorded a flow of 50 barrels per day following hydraulic fracturing.

Might and Power 1 had a number of misrun tests over the Murta and is now being tested through casing. The Murta test in the nearby Dunoon 1 well had too large an interval and had plugging problems during the test.

The reservoir in the nearby Harpoono and Revenue wells has proven to be thin but of consistently good quality.

Seismic mapping of the Murta Formation has Dunoon 2 located at the highest point of the structure.

McKinlay Member (Top of the Namur formation)

The McKinlay is a primary target, which in the nearby Harpoono 2 well, flowed oil at 1080 barrels per day, and at Might and Power on test, recovered 2 barrels of oil.

Reservoir quality at Dunoon 2 is expected to be as good as at Harpoono. A McKinlay oil discovery at Dunoon 2 should have good deliverability.

At the Top Namur depth structure map Dunoon 2 is located at the crest of the structure updip of Dunoon 1.

Summary of Potential

Dunoon 2 will evaluate the McKinlay and Murta oil potential in the centre of the Dunoon Ridge. The trap location is considered ideal to extend the Murta/McKinlay potential updip of Dunoon 1 and south of Harpoono.

Dunoon 2 has a predrill potential of 0.72 million barrels of oil in place (Mean value unrisked) in two potential reservoirs.

Timing

The Dunoon 2 exploration well is expected to spud on or about 1 December 2006.

STUART
PETROLEUM
LIMITED

PEL-113
Proposed Dunoon 2

