Comet Ridge

Comet Ridge Limited
Level 10, International House
26 St Georges Terrace
Perth WA 6000

Ph: 9225 7108
Fax: 9225 6100
ABN: 47 106 092 577
Email: comet@cometridge.com.au

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OPERATIONS UPDATE - TIPTON WEST PROJECT

Comet Ridge Limited (ASX Code: COI) is pleased to provide the following operational update for the Tipton West coal seam gas development in south-eastern Queensland.

As announced earlier this week, flow rates at the Tipton pilot have surpassed the level required for gas reserves certification. This has resulted in independent reserve engineers, Netherland Sewell & Associates, Inc. certifying Proven reserves (1P) of 61 PJ, Proven plus Probable (2P) reserves of 143 PJ and Proven plus Probable plus Possible (3P) reserves of 2028 PJ.

Gas flow rates have continued to increase, with the total pilot production exceeding 800 thousand cubic feet per day (mscfd) and the TWP 15 well exceeding 280 mcfd.

Development well, Tipton 16 (T-16), is currently being drilled and completed. This well will accelerate gas production as well as test a further variation of the current successful completion technique used in the TWP 15 well by adding a gravel pack to the well-bore. As of this morning, the hole is being "under-reamed", i.e. the diameter of the hole is being enlarged with a special drilling bit, ahead of the completion operation.

Following the completion of the T-16 development well, the rig will move to Tipton 17 (T-17) location 4km north of the pilot. T-17 is an appraisal well designed to convert some of the vast 3P reserves into additional 2P reserves. This will be achieved by demonstrating continuity of the coals and confirming pressure communication between the existing pilot area and the TPW 4 well that lies some 7km north of the pilot.

Our customers are most interested in the Proven and Probable or 2P reserve figure. Typically a gas purchaser wants to know that a producer has some additional capacity beyond the contracted volume i.e. some insurance. The additional 2P reserves targeted by the T-17 well will provide additional coverage for the 3 gas sales Memoranda of Understanding the Joint Venture partners have secured.

Project Background:

The Tipton West Project is located in the Surat Basin approximately 20 km south of the township of Dalby in Queensland. Comet Ridge owns 20% of the project.

Comet Ridge and joint venture partner and operator Arrow Energy NL have drilled a production pilot that has been used to not only certify reserve but also to test completion techniques and water disposal methods – both with very encouraging results.

The recent upgrading of reserves to the Proven and Probable category will allow the three existing sales Memoranda of Understanding (Ergon Energy - 3.2 PJ p.a. for 15 years; BP - 15 PJ over 5 years; and ERM Wambo Power – 4 PJ p.a. for 15 years) to proceed to finalisation of firm gas sales agreements.

First sales gas from the Tipton field is scheduled October 2006 at a rate of 10.2 PJ p.a.

For further information, please contact:

General Enquiries
Andy Lydyard
Managing Director
Comet Ridge Limited
Phone: (08) 9225 7108
Fax: (08) 9226 6100

Vic Palanyk
General Manager
Comet Ridge Limited
Phone: 0407 889 569
Fax: (07) 3357-6936

Media Enquiries
Tony Dawe
Ward Holt
Ph: (08) 9221 8722
Mob: 0413 322 110