



9 March 2009

PEL 427 & PEL 428 DRILLING PROGRAM

COAL SEAM GAS COREHOLE PROGRESS REPORT

SYDNEY: Orion Petroleum Limited (ASX: OIP) today said that drilling of the Moree-4 coal seam gas (CSG) corehole in PEL 427 in northern NSW, previously delayed due to wet weather, commenced on 8 March 2009. The corehole has been designed to test the coal seam gas potential of the Cretaceous Coreena Member coals north of the Moree Township.

Data from Moree-4 will be used to determine content, composition, storage capacity and maturity of encountered gas. Additionally, a drill stem test will provide an estimate of coal permeability.

Eastern Star Gas (CSG joint venture operator) has contracted McDermott Rig 27 to carry out drilling operations for this 500 m well and this same rig will drill Kurrabooma-1 in PEL 428 immediately thereafter.

This Surat-Bowen Basin drilling program is a continuation of Orion's Stage 1 CSG farm-out to Eastern Star Gas. The farm-out work program commenced in February 2009 with the acquisition of 105 line kms of 2D seismic data to help define the CSG potential in southern PEL 6. The first corehole in PEL 6 is expected to be drilled later this year.

Orion Petroleum retains its interests and operatorships in the Conventional Petroleum joint ventures of PELs 6, 427 and 428.

CSG Participating Interests – PEL 427

Orion Petroleum: 25%
 Eastern Star Gas: 50% (Operator)
 Comet Ridge: 25%

CSG Participating Interests – PEL 428

Orion Petroleum: 20%
 Eastern Star Gas: 40% (Operator)
 Comet Ridge: 20%
 Davidson Prospecting: 20%

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