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Centralised Company Announcements Platform
Australian Stock Exchange
10th floor, 20 Bond Street
Sydney NSW 2000

Well Update - Lake Alice Gas Unit #1 Well
NW Alice Project, Texas

Highlights:

- ❖ **Hockley sands successfully perforated, with several unmetered gas flows during subsequent well operations**
- ❖ **Awaiting coiled tubing unit to clean mud out of well prior to flow tests**

The 'Lake Alice Gas Unit #1' well in Jim Wells county, Texas reached its total depth of 8300 feet, with results as described in our previous announcement on 6 December, 2010.

Significant gas shows were indicated in the Hockley Sands near the bottom of the intermediate section of hole, which required drilling operations to be suspended for several hours to circulate gas out of the well before drilling ahead. Two potentially productive sand intervals were identified in the Hockley formation and wireline logs were run, prior to setting intermediate casing at a depth of 6538 ft.

Operations to complete and test the two potentially productive Hockley sand intervals commenced on December 13, 2010.

Two Hockley sand intervals were perforated and the well was swabbed to recover wellbore fluids and initiate flow. Several unmeasured gas flows occurred during swabbing operations and shut in wellhead pressures of up to 1000psi were recorded.

After recovering drilling mud on the last few swab runs, thick drilling mud residue in the tubing prevented further wireline operations.

Well operations are currently suspended pending arrival of a coiled tubing unit to circulate the well clean prior to flow testing.

Although the intermittent gas flows to date are encouraging, controlled flow testing is required to determine if the well will be able to produce at economic rates.

The well is located close to a low pressure gas gathering line, so in the event that economic flow rates are achieved, the well would be able to be tied in and placed on production quickly.

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About Emerald Oil & Gas NL

Emerald Oil & Gas NL (ASX: EMR), listed on the ASX in June 2006, is an oil and gas exploration and production company with project interests in Kentucky and Texas in the USA and in the Canning Basin of Western Australia. Emerald's focus is on both conventional and non-conventional reservoir targets for oil and gas prospects. Its near term objective is to achieve production and cashflow to achieve an operating cash surplus from current assets, while seeking high impact opportunities in the energy sector.

Statements regarding Emerald's plans with respect to its petroleum properties are forward-looking statements. There can be no assurance that Emerald's plans for development of its petroleum properties will proceed as currently expected. There can be no assurance that Emerald will be able to confirm the presence of additional petroleum deposits, that any discovery will prove to be economic or that an oil or gas field will successfully be developed on any of Emerald's petroleum properties.

Information in this announcement pertaining to the presence of gas in the Lake Alice Gas Unit #1 well was compiled by Mike Krzus, Emerald Oil & Gas NL's Managing Director who holds a BSc in Petroleum Engineering and is a Member of the Society of Petroleum Engineers.