SUN RESOURCES NL

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Announcements
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Ms,

RE : UPDATE EAGLE NORTH-1 DRILLING
SAN JOAQUIN BASIN, CALIFORNIA, USA

Sun Resources NL ("Sun Resources") wishes to advise shareholders that Victoria Petroleum NL, Operator for the Eagle Oil Pool Development Project in the San Joaquin Basin, California, has advised Sun Resources that electric logging operations have been completed on Eagle North #1 to evaluate the oil bearing potential of the intersected Gatchell sand target, specifically the significance of the associated hydrocarbon show.

First pass evaluation of the electric logs (inclusive of a comparison with the logs of the key Mary Bellocchi #1 well on the trap directly to the south) has been completed and similarities are noted with the key well. Aproximately 7 metres (22.5 feet) of net oil pay is present within the interval 4,136 to 4,157 metres (13,570 to 13,640 feet) This will form the basis of a testing program in the coming week after casing has been run on the well.

Eagle North #1 is an up dip appraisal well on the Eagle Oil Pool stratigraphic trap which was discovered in 1986 by the Mary Bellocchi #1 well which targeted a small structural culmination on the then unrecognized extensive stratigraphic trap. The indicated potential recoverable reserves for the Eagle Oil Pool ranges from a mean of 13.5 million barrels of oil with 25 billion cubic feet of gas to the P_{10} case of 34 million barrels of oil with 58 billion cubic feet of gas.

The Mary Bellocchi #1 well tested the target Eocene Gatchell Formation at rates of up to 223 barrels of oil per day and 0.7 million cubic feet per day, a production rate considered un-economic at the then prevailing oil price of US $11 per barrel and a gas price of US$ 2 per thousand cubic feet. Current high oil and gas prices (in excess of US $60 per barrel of oil and US$8-9 per mcf for gas) now makes the project an attractive development target. This attractiveness is further increased by the acquired knowledge that the reservoir can be developed and produced by insitu horizontal wells of 300 to 900 meters reach which results in 4 to 6 fold flow rates for oil and gas over a conventional vertical well such as Mary Bellocchi #1. In 2001, Sun Resources participated in the Eagle #1 horizontal well via a reentry of the Mary Bellocchi #1 well which was successfully drilled into and along the Gatchell Sandstone oil reservoir. However, mechanical difficulties encountered near surface with the well curtailed its completion and a test of the indicated 90 metres of horizontally drilled good oil pay. This particular problem should not occur with Eagle North #1.

The Eagle North #1 appraisal well was vertically drilled to a total depth of 4,219 metres. Conditional on the positive evaluation of the logs, ie confirmation of the significance of the hydrocarbon show in the target Gatchell Sandstone, the well will be cased and production tested for five days. Following a successful test the well will then be plugged back to drill a side track horizontal lateral within the reservoir for a distance of 300 metres which will then be completed for testing and ultimately long term oil and gas production. The latter operations will run for a similar duration of time as per the vertical well and testing.

Economic completion of the well triggers an immediate 129 km^2 3D seismic survey for planning of a further nine 900 metre long insitu horizontal wells in the reservoir to drain the field over a 15 year production period as well as instituting permitting of production facilities for Eagle North #1. With respect to production it is proposed to truck crude to receiving facilities at Coalinga some 20 kilometers to the west and link gas production to gas pipelines that are nearby to the Eagle Oil Pool location.

Participants' interests in the Eagle Oil Pool Development Project on completion of Eagle North #1 are:

# Sun Resources NL	**10.0%**
# Victoria Petroleum NL (Operator)	20.0%
# First Australian Resources Ltd	15.0%
# Lakes Oil NL	15.0%
Empyrean Energy PLC	38.5%
USA Private Interest	1.5%
	100.00%

ASX listed

Yours sincerely
SUN RESOURCES NL

Dr Brad L Farrell
MANAGING DIRECTOR

This report is lodged on the Company's website, www.sunres.com.au

Information contained in this report was complied from information provided by Texas Crude Energy Inc by the Managing Director of Sun Resources NL, Dr B. L. Farrell, PhD, MSc, BSc (Hons Eco.Geol), FAIMM, MICA, CPGeol, MIMM, MPESA, who has had 37 years experience in the practice of geology and more than 5 years experience in petroleum geology.