VICTORIA PETROLEUM N.L. A.B.N 50 008 942 827
Incorporated in Western Australia

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

DRILLING REPORT FOR EAGLE NORTH-1 HORIZONTAL WELL, EAGLE OIL POOL PROJECT, SAN JOAQUIN BASIN, CALIFORNIA, USA

Victoria Petroleum NL as operator for the Eagle North-1 horizontal well in the Eagle Oil Pool Development Project in the San Joaquin Basin advises that at 1800 hours Central Pacific Time 17 April 2006, the current operation at Eagle North-1 horizontal well was preparing to drill ahead after setting 4½ inch casing at 4,281 metres (14,045 feet) measured depth following the encountering of good oil shows for the drilling conditions from the interval 4,255 metres (13,960 feet) measured depth (4,152 metres TVD KB) to 4,285 metres (14,058 feet). The well bore is currently at an angle of 87 degrees from the vertical.

With the Kreyengagen Shale behind the 4½ inch liner, the Gatchell target oil sands will now continue to be drilled over a distance of approximately 320 metres to within 30 metres of the Mary Bellocchi-1 oil well. This will result in a planned measured depth of 4,600 metres (15,090 feet).

The 3 ¾ inch horizontal well bore will be drilled with a normal pressured water based KCL-Clarizan mud minimising formation invasion and maximing the evaluation of the oil bearing potential of the oil sand.

This horizontal well bore is then planned to be completed for production testing with a 2 7/8 inch slotted production liner.

The lower Gatchell oil sands have produced at rates of up to 223 barrels of oil per day and 0.7 million cubic feet per day in the Mary Bellocchi-1 vertical well and are the target for the horizontal.

A succesful Eagle North-1 horizontal well and its subsequent production performance in the longer term will provide an indication of the potetnial size of the Eagle Oil Pool.

In the event of a successful horizontal well completion, flow rates of up to 1000 barrels of oil per day are anticipated.

The forward drilling program of drilling the 320 metre horizontal well bore and setting the production 2 7/8 inch slotted liner is planned to take 7 days.

Background History

Eagle North-1 is an appraisal well on the Eagle Oil Pool which was discovered in 1986 by the Mary Bellocchi-1 well which flow tested oil and gas at rates of up to 223 barrels of oil per day and 0.7 million cubic feet per day from the Gatchell Sandstone, the target in Eagle North-1. Victoria Petroleum N.L. was a participant in Mary Bellocchi-1.

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The Mary Bellocchi-1 well production rate was considered un-economic at the then prevailing 1986 oil price of US $11 per barrel.

In 2001 the Eagle-1 horizontal well re-entry of the Mary Bellocchi-1 well was successfully drilled into the Gatchell Sandstone oil reservoir but due to technical difficulties encountered while while completing the well for production was unable to test the 90 metres of horizontally drilled oil pay.

In May 2004 a 14 kilometre seismic strike line was aquired to further define the updip extent of the Eagle Oil Pool and the Eagle North-1 appraisal well drilling location. As a result of this new seismic data, the Eagle North-1 appraisal well is being drilled 366 metres north west of the Mary Bellocchi-1 well that flowed oil in 1986.

The indicated potential recoverable reserves for the Eagle Oil Pool of up to 34 million barrels of oil and 58 million cubic feet of gas make the Eagle Oil Pool an attractive development target.

Victoria Petroleum NL has a 20% interest in the Eagle Oil Pool Development Project.

Commenting on the oil shows in Eagle North-1, Victoria Petroleum NL Managing Director John Kopcheff said;

"Victoria Petroleum is pleased to achieved the initial drilling of the horizontal well into the target lower Mary Bellocchi Gatchell oil sand."

"With the setting of an intermediate string of casing, we will now move onto drilling the horizontal well bore for a further 320 metres."

"We are confident that the horizontal well will not only access the oil sands near the Mary Bellocchi-1 well that produced oil to surface in 1986 but will also test our belief that a horizontal well within the Eagle Oil Pool could see production rates of up to 1000 barrels of oil per day."

"With the oil price higher by a factor of five over late 1986 oil prices, an oil flow of this order is very attractive and provides robust cash flow."

"With the current price of oil around US$60+ per barrel and the price of gas in Southern California in excess of US$5 per thousand cubic feet, a successful appraisal Eagle well and follow on development drilling will provide significant cash flow for the company."

"With our 20% interest in the drilling of the Eagle North-1 appraisal well, a successful result will have a significant impact on Victoria Petroleum NL's position as a growing USA and Australian oil and gas producer."

The participants in the Eagle Oil Pool Development Project and Eagle North-1 through their respective US wholly owned subsidiaries are:

Victoria Petroleum NL (Operator)	**20%**
Empyrean Energy PLC	38.5%
First Australian Resources NL	15%
Lakes Oil NL	15%
Sun Resources NL	10%
Private Interests	1.5%

Victoria Petroleum NL's wholly owned subsidiary Victoria Petroleum USA Inc is the operator for the Eagle North-1 well and the Eagle Oil Pool Development Project.

Yours faithfully,

JOHN KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM N.L.

Information in this report was completed by the Managing Director of Victoria Petroleum N.L, J T Kopcheff BSc (Hons Eco.Geol), FAIMM, MAAPG, MSPE, MPESA, with 35 years experience in petroleum geology and geophysics.

For information on Victoria Petroleum N. L. drilling activities visit our website at

www.vicpet.com.au