Petsec Energy

PETSEC ENERGY LTD

ACN 000 602 700

17 May 2006

MEDIA RELEASE

DRILLING UPDATE:

WEI-6-12S-1 OIL DISCOVERY, OFFSHORE CHINA

Petsec Energy Ltd (ASX, PSA; ADR's, PSJEY.PK)

The following is a copy of a further update released today from the operator of the well ROC Oil Company Limited:

KEY POINTS

- **Log data, including pressure and sampling information, most recently acquired from the Wei-6-12S-1 exploration well, offshore China, confirm three separate gross hydrocarbon columns with individual gross thicknesses of 65 metres, 111 metres and 121 metres, which collectively represent 95 metres of total net hydrocarbon pay, including 80.5 metres of net oil pay.**
- **Two of the three oil columns appear to extend beyond the structural closure as presently mapped.**
- **An appraisal programme consisting of well testing through liner and the drilling of at least one sidetrack well, is expected to commence immediately, subject to equipment availability and weather.**

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1. OPERATIONS

As at 17 May, 2006, the Wei-6-12S-1 offshore exploration well in Block 22/12 in the Beibu Gulf, offshore China, had run and cemented 7 inch liner prior to de-manning the *COSL 931* jack-up rig due to the approach of Typhoon Chanchu. The current operation at the rig is waiting for the weather to improve.

Prior to running the liner, a wireline logging programme was undertaken which included the gathering of pressure data and the retrieval of fluid samples. Although the final stages of the pressure testing and sampling aspects of this programme had to be curtailed due to the need to secure the hole ahead of the typhoon, the bulk of the logging programme was undertaken as planned.

2. ANALYSIS AND INTERIM RESULTS

Technical analysis of all the well data continues but final definitive results will not be available for several weeks. Therefore, what follows should be regarded as an interim interpretation of the well results details of which may be subject to refinement as additional information is gathered and analysed. In this context, the main points to note are:

Between 1,947 metres below rotary table ("mBRT") and 2,450 mBRT there is a sand-shale-silt sequence which has a gross thickness of 503 metres. There are three main sand packages within this sequence – top, middle and lower – all of which contain oil. The total gross thickness of these three sand packages is 477 metres, of which 154 is net sand. Three separate hydrocarbon columns are present with a total gross thickness of 397 metres of which a total of 95 metres is regarded as net hydrocarbon pay with reservoir porosities averaging about 20%.

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2.1 Top Sand Package

The upper part of the Top Sand package has a gross hydrocarbon column of 50 metres and a net hydrocarbon pay of 14.5 metres (29% Net:Gross). Although the electric logs through this section do not display any obvious gas effect the pressure and fluid sampling programme indicates that the hydrocarbon type in this part of the section is gas.

The lower part of the Top Sand package has a gross hydrocarbon column of 71 metres and a net oil pay of 14.5 metres (20% Net:Gross). Oil samples were recovered from this section.

Currently these two hydrocarbon columns are considered as a single gross hydrocarbon column.

The well did not define an oil-water contact within the Top Sand package. The weight of currently available evidence suggests that this contact is located some distance down dip, apparently below structural closure, as presently mapped.

2.2 Middle Sand Package

The Middle Sand package has a gross hydrocarbon column of 65 metres of which 31 metres (48% Net:Gross) is regarded as net hydrocarbon pay, specifically oil. Based on preliminary analysis of samples recovered from this sand package the oil is light, mobile and non-viscous. The well penetrated an oil-water contact within this Middle Sand package which is below the structural closure, as presently mapped.

2.3 Lower Sand Package

The Lower Sand package has a gross hydrocarbon column in the order of 110 metres of which 35 metres (32% Net:Gross) is regarded as net hydrocarbon pay, probably oil, although a small associated gas cap may be present. This interval was not sampled because the sampling programme had to be curtailed due to the weather deteriorating. Therefore, comments as to the fluid type in this part of the well are based on log interpretation and oil shows observed while drilling, as such, they are subject to confirmation by sampling and/or testing.

3. APPRAISAL PROGRAMME

The Block 22/12 Joint Venture has decided that the Wei-6-12S-1 well merits a thorough and immediate appraisal programme. The details of this programme are currently being discussed with all interested parties including the relevant government authorities. Presently the programme is expected to include at least two tests through liner and the drilling of at least one sidetrack well. Subject to sourcing the relevant equipment this phase of operations is expected to be carried out during the next several weeks. The next Stock Exchange Release will further detail the appraisal programme and is expected to be issued next week.

Further details about the nature of the prospect and play type can be found in ROC's releases to ASX and the Alternative Investment Market in London ("AIM") dated 5 May, 8 May and 10 May 2006 which are on the Company's website: www.rocoil.com.au.

4. CEO'S COMMENTS

Commenting on the interim results of the well ROC's Chief Executive Officer, Dr John Doran stated that:

> *"The latest results support ROC's previously announced "cautious optimism". The presence of gas in the uppermost part of this very thick gross section is a surprise that may, or may not, have a small dampening effect on that outlook: it all depends if there is an oil leg down dip. The apparent extension of two of the three hydrocarbon accumulations down dip beyond structural closure, as presently mapped, needs to be investigated thoroughly, because, if it is confirmed, the implications could be quite significant.*
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> *At this stage of exploration, it is always better to gather more data than to speculate - and that is exactly what our immediate appraisal programme is designed to do".*

5. JOINT VENTURE

The Block 22/12 Joint Venture comprises*:

Roc Oil (China) Company	40% and Operator
Horizon Oil Limited	30%
Petsec Energy Ltd	25%
Oil Australia Pty Ltd**	5%

**The China National Offshore Oil Company ("CNOOC") is entitled to participate up to a 51% funding equity level in any commercial development within Block 22/12.*

*** A subsidiary of First Australian Resources*

Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. Its focus of operations is on gas in the shallow waters of the Gulf of Mexico and onshore Louisiana Gulf Coast region of the USA, and on oil in the shallow waters of the Beibu Gulf off the south coast of China.

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