Petsec Energy

MEDIA RELEASE

PETSEC ENERGY LTD

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19 July 2006

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:

Since the last Stock Exchange Release on 12 July 2006 regarding the first sidetrack Wei-6-12S-1Sa, drilled from the Wei-6-12S-1 oil discovery in Block 22/12, Beibu Gulf, offshore China, a second sidetrack Wei-6-12S-1Sb commenced drilling on 13 July 2006.

As at 0600 hours (local time) on 19 July 2006, the second sidetrack had been drilled to a depth of 2,217 metres below Rotary Table ("mBRT") and was at a lateral distance of about 300 metres from the original well and approximately 50 metres vertically downdip from equivalent horizons in that well.

The current operation is drilling ahead in the main reservoir section, the Weizhou Formation, towards a proposed Total Depth of 2,849 mBRT.

The second sidetrack is a relatively aggressive step-out to the southwest of the original discovery well. It is designed to intersect a number of the reservoir intervals downdip from the original discovery well. While the reservoir equivalents of the original well, expected to be encountered in the lower part of the second sidetrack, are likely to be water-bearing because they are a considerable distance downdip, the hope is that the second sidetrack will encounter one or more downdip oil legs in the higher part of the Weizhou Formation.

The second sidetrack has an exploration element which will target a specific sand not present in the original well but may possibly be present towards the bottom of the second sidetrack.

The detailed outcome of the drilling will not be known until next week when the second sidetrack is expected to have been logged at Total Depth.

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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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