



The Company Announcements Office
The Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

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**BIBBLEWINDI-1: LARGEST AUSTRALIAN CSG FRAC SUCCESSFULLY COMPLETED
GUNNEDAH COAL SEAM GAS PROJECT: PEL 238**

Eastern Star Gas Limited, the operator of the Gunnedah Coal Seam Gas Project Joint Venture, is pleased to announce that a hydraulic fracture stimulation of the Bohena coal seam in Bibblewindi-1 has today been successfully completed. The hydraulic fracture stimulation placed 264,000 lbs of frac sand into the 5 metre thick Bohena coal seam (lower Maules Creek Formation) at a depth of 897 metres. This is the largest coal seam gas ("CSG") hydraulic fracture stimulation ever conducted in Australia. Fracture stimulation of coal seams in Australia usually placed between 20,000 lbs and 80,000 lbs of sand, but experience in similar high permeability coal settings in the USA has demonstrated a strong correlation between well productivity and the amount of sand proppant placed into the coal seam.

Biblewindi-1, located 7 kms south of the recently drilled Bohena South-1 CSG well, was originally drilled in 2001 and, although it flowed gas and water un-stimulated from the Bohena coal seam, the well was never fracture stimulated nor placed into long term test production.

The forward plan is to immediately conduct a second fracture stimulation of the overlying upper Maules Creek Formation coals prior to the well being placed into long term test production.

Biblewindi-1 forms an integral part of the Gunnedah Coal Seam Gas Project reserves certification process within the 260 square kilometre Bohena Project Area. The Bohena Project Area contains up to 3,700 PJ (3.7 trillion cubic feet) gas in place within both the Late Permian Black Jack Formation and the Early Permian Maules Creek Formation coal seams. The aim of this drilling program is to complete a production pilot and offset wells so as to establish sufficient proved and probable gas reserves to support long term sales contracts.

About the Gunnedah Coal Seam Gas Project - "Delivering Gas Independence to NSW"

The Gunnedah Coal Seam Gas Project is located in Petroleum Exploration Licence ("PEL") 238, which covers 9,100 square kilometers of the Gunnedah Basin between Narrabri and Gunnedah in north central New South Wales. The PEL contains one of the largest onshore natural gas accumulations in Australia, with an estimated 17,000 PJ (17 TCF) of gas-in-place within the two coal seams that are over 10 metres thick in each of two coal bearing formations. The Project is managed by Eastern Star Gas Limited and is owned by the Gunnedah Coal Seam Gas Project Joint Venture comprising:

Eastern Star Gas Limited (ASX: ESG) - 15% but acquiring up to 32.5%

Hillgrove Resources Limited (ASX: HGO) - 15% but acquiring up to 32.5%

Gastar Exploration Limited (TSX: YGA & Other OTC: GSREF.PK) - 70% but reducing to 35%

Patrick Sam Yue.
Company Secretary