



12th April, 2006

GUNNEDAH BASIN CSG PROJECT SECOND WELL COMPLETED BIBBLEWINDI-7

Eastern Star Gas Limited, the Operator of the PEL 238 Gunnedah Basin Coal Seam Gas Joint Venture, is pleased to announce that Bibblewindi-7, the second production well in the current nine well program has reached total depth of 1,005 metres and has been cased awaiting fracture stimulation. The drill rig has been moved to the third well location to spud Bibblewindi-5. Bibblewindi-7 is located 700 metres north-east of Bibblewindi-1 and Bibblewindi-5 is located 800 metres north west of Bibblewindi-7. A map is attached showing locations of the wells.

The nine well program aims to establish a confined Bibblewindi Production Pilot by drilling eight closely spaced new production wells in proximity to the existing Bibblewindi-1 production well. The confined pilot is designed to accelerate dewatering of the Bohena coal seam at Bibblewindi and therefore achieve commercial gas production rates in a shorter period than would be possible for isolated (unconfined) wells or for wells drilled on larger spacing. The target date for establishing commercial rates is the fourth quarter of 2006.

As part of the nine well program, a pressure observation/monitor well, Bibblewindi-10, has already been completed 2.2 kilometres north of Bibblewindi-1. The function of this well is to monitor the formation pressure in the Bohena coal seam to see if the water and gas production from the nine wells within the Bibblewindi Production Pilot located some distance to the south, is reflected in the pressure response within the Bohena seam in Bibblewindi-10. This will assist with maximising gas reserves certification.

About the Gunnedah Basin Gas Project (Coal Seam Gas Joint Venture)

The Project is located in Petroleum Exploration Licence 238 between Narrabri and Gunnedah in New South Wales covering 9,100 kms² of the Gunnedah Basin. The PEL contains one of the largest onshore natural gas accumulations in Australia alone totaling 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 Bohena Project Area covers 260 kms² within PEL 238 and contains up to 3,700 PJ (3.7 trillion cubic feet) gas in place within coal seams of the Late Permian Black Jack Formation and the Early Permian Maules Creek Formation. The Project is managed by Eastern Star Gas Limited and is owned by the Gunnedah Basin Gas Project (Coal Seam Gas) Joint Venture comprising:

Eastern Star Gas Limited (ASX: ESG) 32.5%
Hillgrove Resources Limited (ASX: HGO) 32.5%
Gastar Exploration Limited (AMEX: GST & TSX: YGA) 35%

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Location of Bibblewindi CSG Wells

