



26th June, 2006

GUNNEDAH BASIN CSG PROJECT EIGHTH WELL SPUDS BIBBLEWINDI - 4

Eastern Star Gas Limited, the Operator of the PEL 238 Gunnedah Basin Coal Seam Gas Joint Venture, is pleased to announce that Bibblewindi-4, the eighth well in its 9 well program spudded at the end of last week and has reached a depth of 304 metres as at yesterday. Bibblewindi-4 is located approximately 365 metres to the northeast of Bibblewindi-3 that has been cased after reaching total depth of 987 metres.

The drilling program has been running successfully on time and on budget as planned and it is expected to be completed in early July. Fracture stimulation operations are planned to commence in late July and be completed in late August early September. Production testing will commence shortly thereafter following installation of downhole pumps and surface control equipment.

The nine well program aims to establish a confined Bibblewindi Production Pilot designed to accelerate dewatering of the Bohena coal seam to achieve commercial gas production rates. The target date for establishing commercial rates is the fourth quarter of 2006.

As part of the nine well program, a pressure monitor well, Bibblewindi-10 has been completed approximately 2 kilometres north of the proposed nine production well cluster. The aim of the monitor well is to assist in extrapolating the gas production performance at the cluster wells over a much larger area so as to maximise 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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