



ACN 120 580 618

Level 1, 14 Outram Street
West Perth
Western Australia 6005
Tel: +61 8 9327 3500
Fax: +61 8 9327 3510
e-mail: info@keypetroleum.com
www.keypetroleum.com

ASX and Media Release

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DRILLING UPDATE #16

DIBBLERS #1 - EP 437 - PERTH BASIN

WELL SPUDS

Key Petroleum (ASX:KEY) provides this update on drilling of the Dibblers #1 well located approximately 15 km north east of the town of Dongara in Western Australia.

Following P & A of the Dunnart #1 well the DCA #7 rig has been relocated to the new Dibblers #1 site. This shallow well with a TD of approximately 530m (1740 ft) RT is the second in a two well programme being conducted by the EP 437 joint venture.

The Dibblers #1 well has now commenced. Current operation are drilling ahead towards the interval TD of 82 m (270 ft) RT. Casing, 340mm (13-3/8 ") will then be run and cemented.

The primary objective of this well is the Bookara Sandstone.

Key Petroleum's Managing Director/CEO Ken Russell said, "Dunnart #1 provided the joint venture with confirmation of the presence of oil with shows that are considered encouraging. The joint venture is now looking forward to again intersecting the Bookara sandstone in this second well"

For further Company background information please see the website at <http://www.keypetroleum.com> or contact

Ken Russell
Managing Director
+ 61 8 9327 3500
info@keypetroleum.com

or

John Ribbons
Company Secretary
+ 61 8 9389 2123

Oil and Gas Drilling and Production Terminology	
bbl	Barrel
MMstbbl	Million Stock Tank Barrels
Stock Tank Barrel	159 L of crude oil measured at 15 degrees C whilst at 1 Bar of pressure. Or 42 US gallons measured at 60 degrees F at 1 Atmosphere of pressure.
mmscf/d	Million standard cubic feet of gas per day
mRT	Metre rotary table (Using the rotary table as the reference point)
mm	Millimeters
“	Inches

NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Ken Russell, Managing Director/CEO of Key Petroleum Ltd, who has at least 35 years experience in the sector. He consents to that information in the form and context in which it appears.