

ASX Release

10 February 2005

## **METGASCO DRILLING UPDATE**

Metgasco is pleased to announce that a contract has been signed with Mitchell Drilling Contractors for the drilling program in PEL16 in the Clarence Moreton Basin. Mitchell Drilling Contractors are one of the most experienced coal seam methane drilling operators in Australia and have worked on coal seam methane projects in Queensland and New South Wales. Mitchell Drilling Contractors will provide their Soilmec G-55 rig, which is ideally suited for coal seam methane drilling for the Metgasco program.

The drilling program will comprise five production test wells and one core hole to be drilled at South Casino. These wells will be located between 200m and 600m apart and will be flowed to establish gas production rates. Wells will be drilled to an approximate depth of 620 metres. Drilling is expected to commence in early March.

It is expected that the drilling program will be completed within the time frame outlined in the Company's Prospectus.

### **Overview of Project**

Metgasco owns 100% of PEL16 which is located near the townships of Casino and Lismore in northern New South Wales. The Company is targeting the Walloon coal measures which have proven to be prolific gas producers in Queensland. Metgasco estimates that PEL16 contains a gas resource of approximately 1,000 Petajoules and is also prospective for conventional gas accumulations. The tenement is approximately 70km from the Queensland gas market.

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