

30 May 2005

AUSTRALIAN STOCK EXCHANGE  
Via Electronic Lodgment

## WEEKLY DRILLING UPDATE

- Gas flow and further drawdown of MSC-03
- Commencement of drawdown of MSC-05
- Completion of MSC-04
- Commencement of drilling of MSC-06

### MSC-03

Free gas flows have now been established over 7 consecutive days, while maintaining positive back pressure. Daily gas flows are currently being monitored. Gas flow has increased as the well has been drawn down. The well is currently shut in while the fluid level is drawn down further.

### MSC-04

Following movement of the rig back to MSC-04, the well was stimulated with air cavitation prior to running 5" liner. Significant free gas flows were observed during well clean-up. Subsequent to well clean-up, down hole equipment has been run and wellhead assembly installed. Draw down of the well is expected to commence this week.

### MSC-05

Production test equipment has now been installed and production testing has commenced. Static well head pressure prior to commencement of drawdown was 30psi providing additional confirmation of overpressure in the coal seam reservoirs. The initial drawdown has produced an immediate further increase in pressure at the wellhead.

### MSC-06

Drilling of MSC-06 commenced on Sunday 29<sup>th</sup> May. Conductor pipe has been set and the hole is currently being drilled ahead at 66m.

### Overview of Project

Metgasco owns 100% of PEL 16 located near the townships of Casino and Lismore in Northern New South Wales. The focus of exploration is coal bed methane of the Walloon Coal Measures of the Clarence Moreton Basin. The Walloon Coal Measures have been the subject of intense exploration and development activity in the past 4 years. In the Surat Basin, exploration and development in the Walloon Coal Measures has now established 3P Reserves of in excess of 1800PJ and commercial production is expected from at least 3 fields in the next 18 months.

Metgasco PEL 16 is well located in an area of no embedded energy supply in one of the fastest growing population areas of Australia and is also only 70km from the Queensland Gas Market.

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