



ASX / MEDIA RELEASE
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KINGFISHER E1 – UPDATE ON CONVENTIONAL GAS DRILLING ACTIVITY

Metgasco Limited (ASX:MEL) today advises the following:

Kingfisher appraisal well to commence drilling in early October

Metgasco has been informed by Lucas Drilling that Lucas Rig No 150 will be mobilised during the week commencing 5 October to start drilling the Kingfisher E1 well. This well is located in PEL 16 approximately 2 kilometres from the town of Casino in northern New South Wales. Metgasco has a 100% interest in this well.

Several zones with attractive potential being tested

The Kingfisher E1 will be drilled to a total depth of 2,100 metres. It will appraise several zones including the Heifer Creek and Gatton sandstones and the deeper Ripley Road Sandstone, also known as the Precipice sandstone in the Surat basin which has historically been a major oil and gas reservoir.

Large Gas in Place estimate

Metgasco estimates that the original gas in place (OGIP) potential of the entire Kingfisher structure is 82 Bcf (P50) and 831 Bcf (P10) with a contingent resource of 36.6 Bcf (P50) attributed to the gas sands intersected in Riflebird E14.

A number of attractive drilling prospects have been identified

New seismic data was acquired over the Kingfisher field in the past year and the completion of recent mapping indicates that the field has an area of approximately 25 square kilometres.

The Kingfisher field is optimally located for petroleum accumulation on a mid-basin high trend recently discovered by Metgasco where the company has identified a number of attractive additional drilling prospects.

Further updates will be provided when available.

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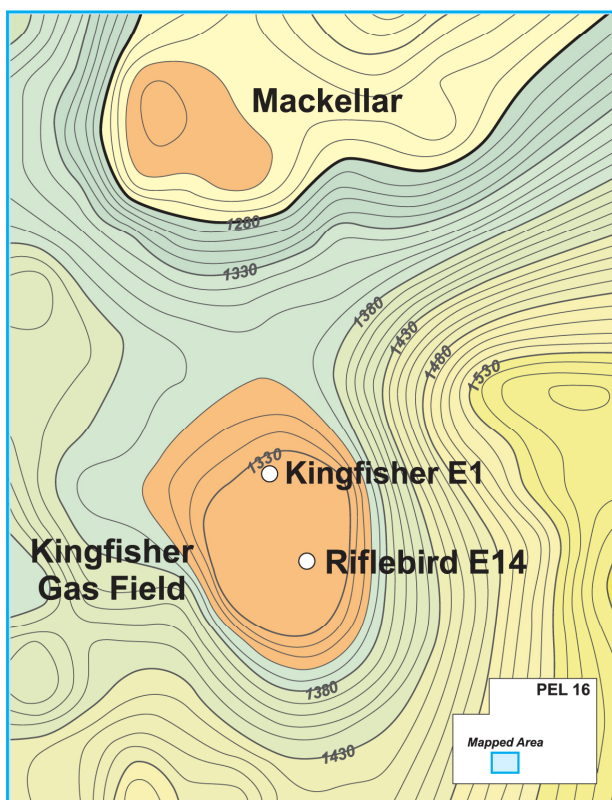
Background to the discovery of the Kingfisher conventional gas field

The Kingfisher Field was discovered by Metgasco in May 2008 as a result of drilling the Riflebird-E14 well at a location 950m south of the Kingfisher E1 site. Riflebird E14 was drilled to a total depth of 1,296 metres and penetrated a gross 49 metres of gas-bearing sandstone. Additional potential below this depth remained undrilled due to the limited capability of the coal seam gas rig being used at the time.

Three gas bearing zones were identified from wireline log analysis, one in the Heifer Creek Sandstone between 1,042 – 1,052 mRT and two in the Gatton Sandstone between 1,240 – 1,289 mRT with total net pay estimated at 24 metres. Several flow tests were run on Riflebird E14 with gas to surface at rates in excess of 300,000 scf per day being produced. Small volumes of condensate were recovered during flow testing suggesting the potential for oil or gas liquids within the field. Further, no gas water contacts were observed in the well and a gas gradient was established from wireline pressure testing which indicated that additional pay is likely to be encountered below the level of the lowest known gas.



PEL 16 : KINGFISHER E1 WELL



	Pmean (Bcf)	P10 (Bcf)
Kingfisher (contingent resource)	37	70
Kingfisher (OGIP est.)	82	831
Mackellar (OGIP est.)	63	688
Mackellar North (OGIP est.)	146	1,793

Kingfisher E1

- Step out appraisal well for Heifer Creek Sst and Gatton Sst
- Objectives are:
 - To evaluate the lateral extent of the structure
 - To appraise the 24 metres of net pay encountered above 1,296m
 - To test 700m of additional section below 1,296m including:
 - Gatton Sst(Evergreen Fm)
 - Ripley Rd Sst (Precipice Fm)
- Estimated TD of 2,100m

Background on Kingfisher Gas Field Discovery

- Riflebird E14 (RE 14) drilled in March 2008 using CSG rig ADR 100 to a depth of 1,296m
- Conventional gas reservoirs encountered
 - 24 metres net pay
 - (6 metres Heifer Ck Sst)
 - (18 metres Gatton Sst)
- Low pressure separator installed with liquids recovered