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AUSTRALIAN STOCK EXCHANGE

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11th December 2002**AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT****Mosaic re drills with Nitrogen for best results.**

At 0900 ESST, Mosaic Oil (49% - Operator) and its Joint Venture Partner, Santos Limited (51%), spudded the Churchie 1A well in the Surat Basin in Queensland. The critical target zone will be drilled using Nitrogen.

The new well, being drilled near the Churchie 1 well that flowed 1.3 million cubic ft of gas a day when first drilled in 2001, is to seek stronger and more consistent gas flows.

The total depth of the well is expected to be 2,140 metres.

The well is situated in the newly awarded Production Licence PL 192 where a pipeline is planned to be constructed in the first quarter of 2003.

For more information:

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