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Via Electronic Lodgement

GULF COAST TEXAS UPDATE

Strike Oil is pleased to announce the following updates on drilling and production at the Mesquite Project, Gulf Coast, Texas.

Webernick 2 well

At the Webernick 2 well preparations are underway to complete the Webernick 2 well for production testing. During the week the well was drilled to total depth and wireline logging completed.

Extensive gas shows were recorded from multiple zones over a gross interval from 10,780 feet (3,286 metres) to 13,000 feet (3,962 metres). The interpretation of mud logs, gas logs and wireline logs indicate potentially commercial gas zones similar to the three offset wells drilled on the Mesquite Project by the Operator.

The Webernick 2 well was deepened from a planned total depth of 12,300 feet (3,749 metres) to 13,000 feet (3,962 metres) to evaluate additional potential.

Strike Oil's Managing Director, Simon Ashton commented-

'A successful completion at the Webernick 2 well will result in Strike Oil's fourth producing well on the Mesquite Project and will go a long way to confirming the potential of the project'

Mesquite Project Production Update

A decision on drilling further wells on the Mesquite Project is awaiting the testing of the Webernick 2 well and the final testing at the Webernick 1 well which still has remaining zones to test.

Current daily sales from the Mesquite Project continue at 12 to 13 million cubic feet of gas per day and around 250 barrels of oil condensate. This production is mostly derived from the Shefcik 1 and 3 wells. The Webernick 1 well is currently producing from only one zone and is awaiting further testing of shallower zones. At the completion of the testing all flowing zones in the Webernick 1 well including a previously successfully tested deeper zone will be combined.

The specifics of the Webernich 2 well are as follows:-

Well Name:	Cypress Webernich No 2
Location:	Mesquite Project, Jackson County, Texas
Spud Date:	22 March 2006 (Texas time)
Objective:	Wilcox Formation sands
Status:	24 May 2006 (Texas local time) Preparing to complete the well for testing.
Total Depth:	13,000 feet (3,962 metres)
Strike Oil Working Interest:	26.25%
Operator:	Cypress E&P Corporation

Yours faithfully



SIMON ASHTON
Managing Director - Strike Oil Limited

Further information:

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