

ASX ANNOUNCEMENT

11 February 2004

Search for local gas boosted by \$400,000 seismic survey

The search for gas reserves in the Mt Gambier region stepped up this week with the start of a \$400,000 seismic survey by Essential Petroleum Resources and Beach Petroleum.

The companies are partners in the search for gas in Petroleum Exploration Licence PEL 72, covering a 499 square kilometre area south west of Mt Gambier.

The seismic survey, with a total length of about 65 kilometres, is being recorded through farmland and pine forest around Kongorong.

Seismic surveys collect information about the structure of rocks below the surface. The objective is to identify possible oil and gas accumulations for exploration drilling.

Essential Petroleum Managing Director, Mr John Remfry, said the partners in PEL 72 were searching for much-needed gas reserves to augment the supply from other fields in the region.

“Any gas we discover would provide a low-cost and clean source of power for local industry and would help to ease gas shortages across South Australia and Victoria.”

Mr Remfry said Essential Petroleum is pleased to become an active oil and gas explorer in the region again.

“We were involved in the most recent exploration well to be drilled in the region, McNamara Park No.1, also in PEL 72. This was completed in early 2001.”

“Although the well was unsuccessful, the information it yielded encouraged us to focus our search further south in our exploration area. The new seismic survey will help us to pinpoint new targets which we would expect to drill within the next 12 months.”

The seismic survey is due to be completed this weekend.

A crew of up to 40 people is involved, including a substantial number of contractors from Mt Gambier.

Essential Petroleum has carefully designed the survey to minimise disturbance of the environment. Survey lines follow existing roads and paths, cross over farmland and pass through existing tracks through the pine forests. No grading or bulldozing will be undertaken.

The Company is working closely with Primary Industries and Resources SA (PIRSA) to ensure that all regulations are followed, including the immediate rehabilitation of any ground that may be disturbed. Officers of PIRSA will visit the location at certain stages to monitor the progress of the survey.



Essential
Petroleum
Resources
Limited

Mr Remfry said Essential Petroleum had a reputation as an industry pace-setter in caring for the environment and respecting local communities, including Aboriginal landowners.

John Remfry
Managing Director

For more information, contact:

John Remfry
Managing Director, Essential Petroleum
Tel: (03) 9699 3009
Fax: (03) 96993110
E-mail: info@epri.com.au

David Upton
Public Affairs, Essential Petroleum
(03) 9602 2188

Background information on seismic surveys

Information on the structure of underground rocks is obtained by sending sound waves into the Earth and then measuring how long it takes them to bounce back.

The sound waves are created by vibrating a large metal pad underneath a purpose-built survey truck. The sounds are not loud and no explosives are used.

The signal that returns from underground rocks is detected by hundreds of small ground microphones known as geophones. These are connected to a recording truck by cables. All this information is collected on a computer and stored for later analysis.

Background on the search for oil and gas in the Otway Basin

Mt Gambier is situated in the Otway Basin, which is now regarded as one of the most prospective regions in Australia for oil and gas discoveries.

The Otway Basin covers a large area stretching from Geelong in Victoria to the west of Mt Gambier. It also extends offshore.

In the past two years, a number of Australian and international explorers have entered the Otway Basin and increased the amount of exploration substantially. Major gas discoveries have been made in recent times offshore from Port Campbell in Victoria, and substantial onshore gas reserves have also been found.

Essential Petroleum is a listed company, formed in 1999. It is the only oil and gas explorer with an exclusive focus on the Otway Basin. The Company holds interests in two offshore permits and five onshore permits, including a 100% stake in PEP 151, immediately east of the border between South Australia and Victoria.