

ASX ANNOUNCEMENT

18 September 2002

Port Fairy No 1 flows gas from the Flaxman/Waarre Formation

Following the Essential Petroleum announcement of the recovery of petroliferous fluid from the Flaxman/Waarre Formation test in the Port Fairy 1 well (ASX announcement 12 August 2002) the Company has now received the analysis of the recovered fluid from the test. The analysis has confirmed the presence of high-end hydrocarbon fractions observed during the drilling of the well. The analysis also indicated some contamination indicating that the formation had not properly cleaned up during the test. On the basis of these results, a decision was made to review the status of the shut-in pressure of the well.

Essential Petroleum yesterday recorded a flow of gas from the well approximating 4 to 5 mmcf/d through a 2 inch flow line for a period of about 5 minutes. Initial shut-in and flowing pressure was estimated at 1000 psi and the flow declined after approximately 5 minutes. The gas burnt with a dark orange flame indicating the presence of high-end hydrocarbons. Following shut-in and build up for 30 minutes the well was reopened and the initial flowing pressure was estimated to be 500 psi which declined to zero psi in 2 minutes.

The Company believes that the current well completion configuration, which includes a significant column of brine completion fluid, is such that a continuous flow of gas at these rates may not be achievable. Further engineering studies will now be undertaken to determine the completion configuration which may allow an economic flow rate from the well.

The recovery of gas with significant light liquid/condensate fractions from the Port Fairy 1 well in PEP 152 has established the presence of known hydrocarbons in the Waarre Formation petroleum system a further 60 kilometers to the west of the recent Santos Ltd discoveries in PEP 154. The discovery has positive implications for the prospectivity of PEP 152 and PEP 159 in which Essential Petroleum holds interests.

Further engineering studies over the next few months on the significance of this discovery will include an analysis of the shut-in and build up pressures and an analysis of the permeability and porosity parameters of the Flaxman/Waarre Formation. These studies should indicate whether the discovery is commercially viable.

Interests in the Port Fairy No. 1 well are as follows:

Essential Petroleum	84.41%
Lakes Oil NL	15.59%

Interest in the test of the Flaxman/Waarre are:

Essential Petroleum	100.00%
---------------------	---------

Interest Holders in PEP 152 are:

Essential Petroleum	33.9%
Origin Energy Petroleum Pty Ltd	50.51%
Lakes Oil NL	15.59%



John Remfry
Managing Director

Enquiries: Mr John Remfry, Managing Director
Phone: (03) 9699 3009
Facsimile: (03) 9699 3110
Email: info@eprl.com.au