

ASX ANNOUNCEMENT

23 January 2002

Drilling Report No. 11 – Port Fairy No. 1 Well at 9.00am, 23 January 2002 PEP 152 Otway Basin, Victoria

Essential Petroleum Resources advises that the Port Fairy No. 1 operation will case and suspend the Port Fairy No.1 gas exploration well for further evaluation.

Open-hole testing has been inconclusive because of tool failure and tool blocking believed to be caused by sands entering the well bore and plugging the test tool.

The Port Fairy No. 1 drilling operation reached a total depth of 1550 mRT on 17 January and terminated in the Eumeralla Formation.

A number of gas zones have been encountered which require further evaluation. Although the open-hole tests have been inconclusive, log analysis indicates that the sands tested in the Pebble Point and Paaratte Formations are of reservoir quality and are hydrocarbon bearing.

In the primary target zone, possible reservoir sands with corresponding excellent wet gas shows have been encountered in the Flaxman and Top Eumeralla formations. The quality of these sands has yet to be determined.

A cased-hole testing program will be developed and will commence after the well results have been fully evaluated.

The Port Fairy No 1 well is located approximately 2 kilometres to the north of the Victorian coastal town of Port Fairy and 12 kilometres south of the Port Campbell to Portland, Western Victoria, gas pipeline.

Interests in the Port Fairy No. 1 well are:

Essential Petroleum	84.41%
Lakes Oil NL	15.59%

Interest Holders in PEP 152 are:

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



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