



**Essential  
Petroleum  
Resources  
Limited**

## **ASX ANNOUNCEMENT**

**4 September 2007**

### **Company Update on PEP 168 Onshore Drilling Program**

Essential Petroleum Resources Limited ("Essential Petroleum") is pleased to announce that the Joint Venture partners in PEP 168 have agreed to conduct a 2 to 3 well drilling program. Work has already commenced to secure a suitable drilling rig. PEP 168 is an onshore permit in the Port Campbell Embayment, a proven gas province in the Otway Basin.

The drilling program is due to commence in late January/early February 2008, depending on rig availability.

The Managing Director of Essential Petroleum, John Remfry, said "this onshore drilling program is an exciting opportunity to pursue some near field exploration located near producing gas fields such as the McIntee, North Parratte and Iona fields."

"The key to commercial success in PEP 168 will be to minimise the finding costs and to lower operating costs. In the event of a successful gas discovery, production can be achieved within 6 to 12 months."

Further details on Essential Petroleum's leads and prospects are contained in the presentation made at the "RIU Good Oil Conference", and the Company's "Opportunities in the Otway Basin" brochure which were released to the ASX today.

**John Remfry**  
Managing Director

#### **For more information, contact:**

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## **About Essential Petroleum**

Essential Petroleum Resources Limited (“Essential Petroleum”) is a junior oil and gas exploration company which is listed on the ASX (ASX Code: EPR). The Company’s principal assets are its onshore and offshore exploration tenements in the Otway Basin, which is located in Southeastern Australia. This region of Essential Petroleum’s strategic focus has established production and the potential for further significant hydrocarbon discoveries to supply the growing Australian energy market. Essential Petroleum is well positioned with its extensive exploration acreage and prospect inventory to potentially play an important role in this market.

## **Background to PEP 168**

On 25 May 2007, Essential Petroleum announced to the ASX that it had won a keenly contested, competitive bidding process for the gazetted petroleum exploration permit PEP 168. The onshore permit is located in the Port Campbell gas province in the Otway Basin.

PEP168 is a highly prospective permit covering the onshore part of the Pecten High trend which hosts in excess of 400 bcf reported gas reserves in Waarre reservoir sands in the offshore Casino, Henry, Martha and Halladale fields.

As shown in Figure 1, PEP 168 surrounds and adjoins onshore gas fields which have produced in excess of 100 bcf from highly productive Waarre reservoir sands. Gas fields in the Port Campbell Embayment include the McIntee, Naylor, North Parratte and Iona fields.

The permit has an extensive modern 3D seismic data coverage obviating the need for any more seismic acquisition prior to drilling.

Essential Petroleum has identified untested prospects exhibiting the same seismic, direct hydrocarbon indicators as many of the nearby producing fields. This substantially increases the chance of making an early discovery in this highly prized permit.

The excellent infrastructure and access to markets in western Victoria ensure commercial viability, rapid development and early reward for discovered resources.

Essential Petroleum owns 50% of PEP 168 and is operator for the joint venture. Inland Oil Production Pty Ltd owns the other 50%.

**Figure 1:** Location Map of PEP 168 onshore Port Campbell Embayment in the Otway Basin, Victoria. The Pecten High is a proven structural trend with several gas fields in the offshore, trending onshore to the western Port Campbell Embayment.

