



## **ASX RELEASE**

**22<sup>nd</sup> December 2004**

### **Karoon Gas Update – Megascolides – 1 Drilling Operations Narracan Trough West Gippsland**

#### **Progress Update No 10**

Further to the last ASX Release dated 16<sup>th</sup> December 2004 the Megascolides–1 well has been drilled to a total depth of 2000m and has been suspended and the rig is off hire.

The well intersected approximately 3m net of thin sands at the top of the Crayfish Group equivalent with cuttings showing good hydrocarbon fluorescence with an associated increase in mud-gas readings. Wireline log interpretation indicates sandstones with porosities around 12% with oil saturations up to 50%. Wireline pressure measurement and sampling tool tests were unsuccessful due to tool seal failure in the hole.

Karoon is continuing to evaluate this interval with a view to make a decision on flow testing in the next few weeks.

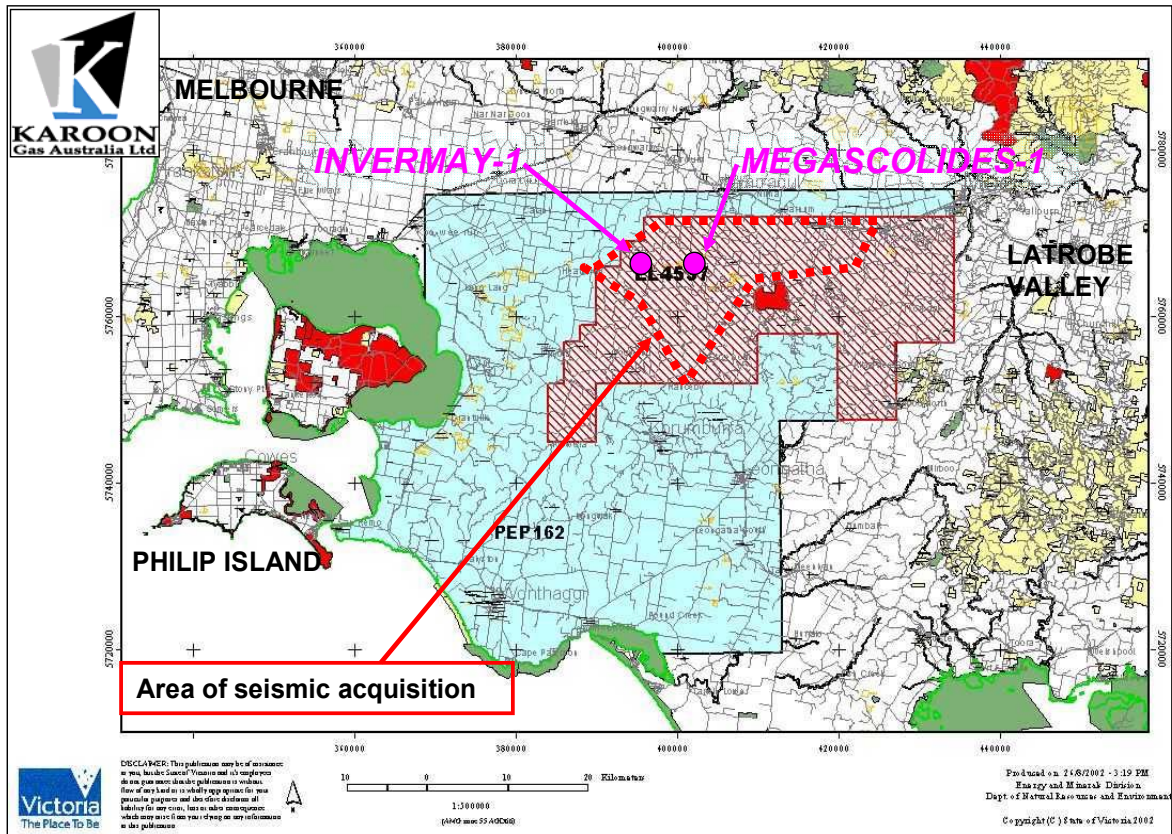
Final results of the CBM coal core analysis are expected by the end of January.

Karoon Gas (through its 100% owned subsidiary Karoon Gas Pty Ltd) has a 100% registered interest in PEP 162 and EL 4537, within the Western on-shore Gippsland Basin of Victoria. The Megascolides – 1 drilling site is located in PEP 162 and EL 4537, approximately 100 Kilometres South East of Melbourne.

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**KAROON GAS AUSTRALIA LTD. ACREAGE, SEISMIC AND PLANNED WELL LOCATIONS**



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