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## **ANNOUNCEMENT TO ASX**

### **KIANA-1 SHORT TERM PRODUCTION TEST - UPDATE**

Magellan Petroleum Australia Limited advises that short term well testing at Kiana-1, a new oil discovery well in PEL 107, Cooper-Eromanga Basin, South Australia, concluded on 22 November. Kiana-1 is located approximately 2 kilometres to the southwest of the Muteroo Oil Field, 2 kilometres northeast of the Spencer Oil Field and 35 kilometres west of Moomba (map attached).

The test was conducted over the Upper Patchawarra Oil Sand for a duration of 10 days. The well is now shut in for a pressure build-up period of up to one week.

A summary of key well test results so far are as follows:

- Two tests were conducted and achieved stabilised flow rates between 400 and 800 bbls per day
- Total oil production of 4959 bbls at an average rate of 496 bbls oil per day
- No water production.

The Short Term Production Test will be analysed and the results, including any impact on reserves estimates, are expected to be announced during late December.

Following the completion of the pressure build-up, the Joint Venture intends to return the well to production at a target rate of 400 bbls oil per day. Government approvals to continue Kiana-1 production have been received and the necessary engineering design and installation for an Extended Production Test is currently being progressed. Production recommencement is anticipated during December.

Further plans for the perforation of a deeper Patchawarra oil sand and the installation of artificial lift in early 2006 are also currently being progressed.

Joint Venture Participants in the Kiana-1 well are:

Magellan Petroleum Australia Limited	30.00%
Beach Petroleum Ltd (Operator)	40.00%
Great Artesian Oil and Gas Ltd	30.00%

For further information, please contact Dr Gwynn Davies on (07) 3224 1600

