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12 January 2006

Announcement to ASX

Weekly Drilling Report Currambar-1 & Udacha-1

Currambar-1

Magellan Petroleum Australia Limited advises that Currambar-1 exploration well in ATP 267P in the Cooper-Eromanga Basin of southwest Queensland has been cased and suspended. The well reached a total depth of 1378 metres, and moderate to fair oil shows were recorded in the Murta Member with poor shows in the Westbourne Formation during drilling.

Two DSTs were conducted over the interval 1043-1052 metres in the Murta Member, but both failed due to packer problems. The well has been cased and suspended as a future Murta Member oil producer and a through-casing test will be conducted when a workover rig is available in the Nockatunga area later in the first quarter of 2006.

The Ensign 20 rig was released from the well on 7 January 2006. Currambar-1 was the final well in the three well drilling program conducted in the Nockatunga area. Santos is operator of the Nockatunga joint venture.

Currambar-1 well details:

Petroleum Title: ATP 267P
Location: 3.7 km southeast of the Dilkera-2 oil well
Co-ordinates: Latitude: 27° 45' 11.28" South
Longitude: 142° 39' 55.88" East (GDA94)
Drilling Rig: Ensign Rig No.20
Objectives: Primary – Murta Member and Birkhead Formation; and
Secondary – Westbourne Formation

Participants in the Currambar-1 well are:

Magellan Petroleum (Eastern) Pty Ltd (A wholly owned subsidiary of Magellan Petroleum Australia Limited)	40.936%
Santos Group (Operator)	59.064%

Udacha-1

The Udacha-1 exploration well spudded in PEL 91 in the Cooper-Eromanga Basin of South Australia at 11:30 hrs (CST) on 11 January 2006. At 06:00 hrs (CST) today the well was drilling ahead in 12¼" hole at 468 metres.

Magellan is participating in the drilling of the Udacha-1 well under a farmin arrangement with Great Artesian Oil and Gas Limited whereby Magellan will earn a 30% participating interest in any commercial hydrocarbon discovery and subsequent Petroleum Production Licence.

The Udacha prospect is a faulted anticline located on the western margin of the Patchawarra Trough and on the eastern plunging edge of the Kuenpinne Nose. The primary objective of the well is the Patchawarra Formation; however there is secondary potential in the Toolachee and Epsilon Formations as well as in the Tirrawarra Sandstone. Each of these reservoir intervals is commercially productive elsewhere in the Cooper Basin. The Udacha prospect is considered prospective because of its proximity to Carrickalinga-1 (3 km to the west) which recovered a small amount of oil (1.2 barrels muddy oil) from the Patchawarra Formation on testing and flowed minor gas to surface.

Udacha-1 well Details:

Petroleum Title:	PEL 91, South Australia
Location:	12 km northwest of the Moonanga gas field and 17 km east of the Sellicks oil field in the Cooper-Eromanga Basin
Co-ordinates:	Latitude: 27° 57' 15.94" South Longitude: 139° 40' 02.18" East (GDA94)
Drilling Rig:	Century Rig No.3
Objectives:	Primary – Patchawarra Formation; and Secondary – Toolachee Formation, Epsilon Formation and Tirrawarra Sandstone
Total Depth:	2775 metres
Current operations:	Drilling ahead in 12¼" at 468 metres
Progress for week:	468 metres

Participants in the Udacha-1 well are:

Great Artesian Oil and Gas Limited	32.5%
Magellan Petroleum (Southern) Pty Ltd (A wholly owned subsidiary of Magellan Petroleum Australia Limited)	30.0% *
Beach Petroleum Ltd (Operator)	15.0%
Enterprise Energy NL	12.5% *
Rawson Resources Limited	10.0% *

(* Subject to a commercial discovery)

For further information, please contact Merv Cowie, Joint Venture Coordinator, on phone (07) 3224 1600.