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9 February 2006

Announcement to ASX**Weekly Drilling Report
Udacha-1**

The Udacha-1 exploration well spudded in PEL 91 in the Cooper-Eromanga Basin of South Australia on 11 January 2006. At 06:00 hrs (CST) on 9 February the well was at a depth of 2728 metres in the Merrimelia Formation, and preparing to running casing.

After two attempts to conduct a DST over the interval 2605–2628 metres in the Patchawarra Formation were aborted due to poor hole conditions, the well was drilled ahead to a Total Depth of 2728 metres and run wireline logs.

DST-1A was conducted over the interval 2482.5–2488 metres in the Patchawarra Formation which flowed gas to surface in 20 minutes. The final rate was 0.44 million cubic feet/day (12.5 thousand cubic metres/day). The flowing pressure was building throughout the flow period and reached a maximum of 300 psi against a ¼ inch surface choke. There was no oil or formation water during the flow or in the recovery.

Udacha-1 is being cased and suspended to await appropriate completion equipment. Preliminary wireline, mudlog and DST evaluation indicates gas saturation in several sands in the well. The sand tested by DST-1A is interpreted to have approximately 3 metres of net gas pay. Between 3 and 10 metres of additional gas pay is likely in deeper sands that may be further evaluated in a cased-hole testing program at a later date. This program is expected to commence within 2-3 months, depending on equipment availability.

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 related Petroleum Production Licence.

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
Coordinates:	Latitude: 27° 57' 15.94" South Longitude: 139° 40' 02.18" East (GDA94)
Drilling Rig:	Century Rig No.3
Total Depth:	2728 metres
Current Operation:	Preparing to run 7" casing
Progress for week:	100 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 Dr. Gwynn Davies, General Manager, on (07) 3224 1600.