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**Announcement to ASX**

**Kiana -1, Cooper Basin SA  
Extended Production Test Results**

Magellan Petroleum Australia Limited advises that last week Beach Petroleum, operator of the PPL 212 joint venture, successfully perforated a second Patchawarra oil sand in Kiana-1 in the Cooper-Eromanga Basin, South Australia. Kiana-1 is located approximately two kilometres to the southwest of the Muteroo oil field, two kilometres northeast of the Spencer oil field and 35 kilometres west of Moomba.

The upper of two Patchawarra Formation oil sands was perforated in September 2005, soon after the well was drilled, and has been flowing on extended production test (which commenced in mid December) at an average rate of around 400 barrels of oil per day at 100 psi flowing tubing pressure. After perforation of the second (lower) sand, the well is now producing at an average combined free-flow rate for the two sands of around 750 barrels of oil per day on a 20/64th inch choke at 410 psi flowing tubing pressure. The average gas oil ratio is 38 scf/bbl.

It is anticipated that the rate will be increased to 1000 barrels per day over the coming weeks. Further plans for the installation of artificial lift are currently being progressed.

**Participants in Kiana-1 well are:**

Magellan Petroleum (Southern) Pty Ltd (a wholly-owned subsidiary of Magellan Petroleum Australia Limited)	30%
Great Artesian Oil and Gas Limited	30%
Beach Petroleum Ltd (Operator)	40%

For further information, please contact Mr Mervyn Cowie, Joint Venture Coordinator, on (61-7) 3224 1600.