



# MAGELLAN PETROLEUM CORPORATION

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## **ANNOUNCEMENT TO ASX**

### **Keeley-1 Spuds in Cooper Basin SA**

Magellan advises that the Keeley-1 exploration well spudded in PEL 107 in the Cooper Basin of South Australia on 22 October. Keeley-1 is the first of a further two farmin wells in PEL 107 in which Magellan will participate under an arrangement with Great Artesian Oil and Gas during the current Cooper Basin drilling program. Magellan will earn a 30% interest in any commercial discovery made by the farmin wells by funding Great Artesian Oil and Gas' interest in the wells. Upon Magellan funding its participation in these two wells it will also earn a 20% participating interest in the PEL 107 joint venture and permit and it will participate in Talia-1 at its 20% working interest in the permit. (See attached map for location of wells.) Magellan participated in the Kiana-1 and Tyinga-1 wells in PEL 107 in 2005 under the same arrangement with Great Artesian Oil and Gas which resulted in the discovery of the Kiana oil field.

The Keeley prospect is located on the western side of the Spencer High, approximately 11 km west-southwest of the Raven gas field, 5 km north-northwest of the Spencer West oil field and 8 km west-northwest of the Kiana oil field. Keeley-1 will test a combined Permian anticlinal closure and stratigraphic trap in the southern Patchawarra Trough in PEL 107. The Keeley prospect is considered prospective because of its similarities with the Raven gas field. The Keeley prospect is a robust closure and volumetric estimates put its best estimate prospective resource at approximately 10 Bcf of gas. It has a high estimate prospective resource of approximately 29 Bcf of gas if stratigraphic trapping is also involved.

The primary reservoir objectives in Keeley-1 are the Patchawarra Formation reservoirs, similar to those which produce gas at Raven and in which gas has been discovered in the recent Udacha-1 and Middleton-1 wells. The Keeley-1 well which is being operated by Beach Petroleum will take approximately 16 days to drill and evaluate and is planned to have a total depth of approximately 3023 m.

#### **Keeley-1 Details:**

Petroleum Title: PEL 107, South Australia  
Location: approximately 11 km WSW of the Raven gas field, 5 km NNW of the Spencer West oil field and 9 km WNW of the Kiana oil field.  
Coordinates: Latitude: 28° 08' 04.32" South  
Longitude: 139° 46' 51.277" East (GDA 94).  
Drilling Rig: Century Rig 3

Proposed Total Depth: 3023 metres RT  
Objectives: Primary – the Patchawarra Formation which is productive in the Raven gas field.  
Secondary – the Toolachee Formation, the Epsilon Formation and the Tirrawarra Sandstone.  
Current Operations: Keeley-1 spudded at 15:30 hr (CST) on 22 October and at 06:00 hr on 23 October (CST) was at a depth of 289 metres RT and drilling ahead in 12 ¼" hole.

**Participants in Keeley-1 are:**

Magellan Petroleum Corporation	30.0% *
Beach Petroleum Ltd (Operator)	40.0%
Great Artesian Oil and Gas Limited	30.0%

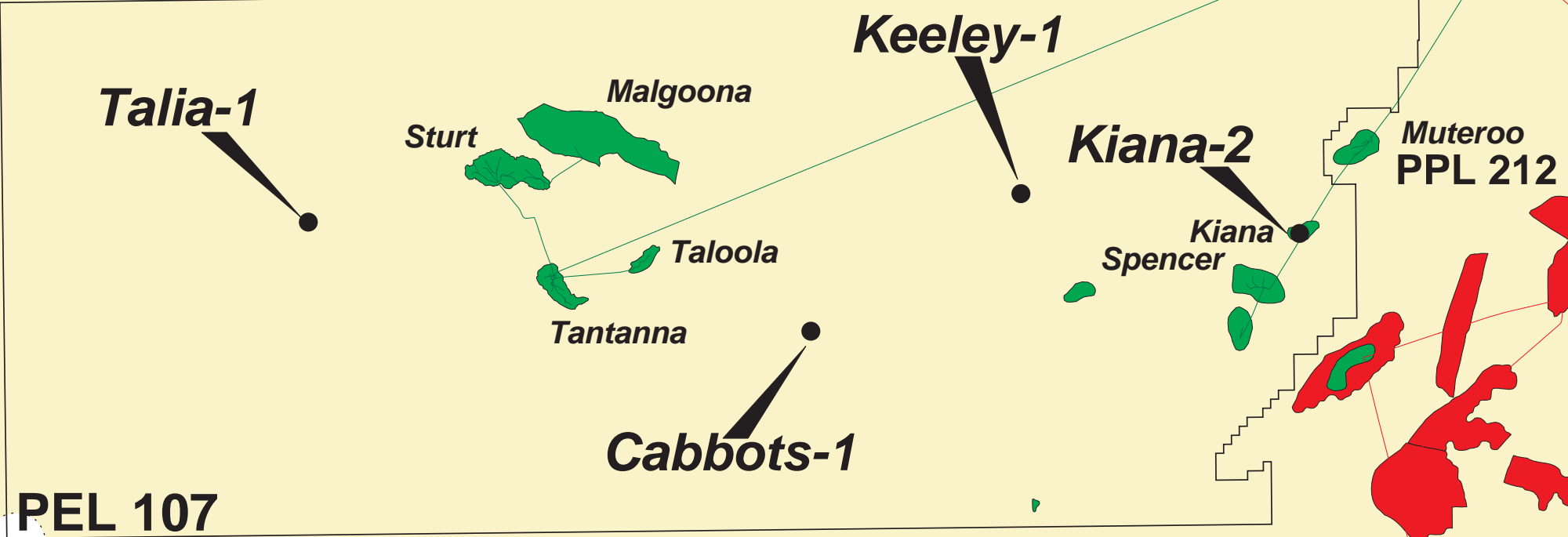
(\* subject to a commercial discovery)

Magellan will issue routine weekly drilling reports during its 2006 Cooper Basin drilling program.

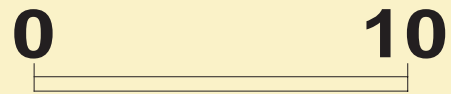
**Forward Looking Statements**

Statements in this release which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. These statements about Magellan may relate to its business and prospects, revenues, expenses, operating cash flows, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Among these risks and uncertainties are the extent of the recoverable reserves at those properties and the risk that any wells drilled may fail to encounter hydrocarbons in commercially recoverable quantities. Any forward-looking information provided in this release should be considered with these factors in mind. Magellan assumes no obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.

For further information, please contact Dr Gwynn Davies, General Manager, Magellan Petroleum Australia Limited on telephone (07) 3224 1600.



PEL 107



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