

6 January 2011

## Western Cooper Gas & Liquids Project Update – Canunda-1 Extended Production Testing

- **Extended production testing of Canunda Liquids Discovery recommencing early February 2011**
- **Canunda Liquids Discovery estimated to contain 2C Contingent Resources of 2.8 MMBOE (gross)**
- **Testing to confirm overall extent of discovery and field production characteristics**

Drillsearch Energy Ltd (ASX: DLS) is providing this update on the progress of the Canunda-1 Condensate Discovery extended production test. The PEL 106B joint venture – Drillsearch (50%) and Beach Energy Ltd (50% Operator) Canunda-1 extended production test (EPT) will recommence after a work over to allow for not only retrieval of wireline and pressure gauges but also reconfiguration of the well to optimise production performance from the rich condensate/volatile liquids pay interval.

Both Drillsearch and Beach have declared the Canunda Condensate Discovery commercial and have assessed that the Canunda Discovery contains at least 2.8 MMBOE including 1.3 MMbbls of liquid hydrocarbons comprised of condensate and LPGs as set out in the table below:

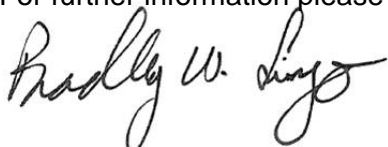
<b>CANUNDA GAS &amp; LIQUIDS DISCOVERY</b>			
<b>Estimated 2C Contingent Resources*</b>			
<b>Sales Gas (BCF)</b>	<b>Condensate (bbls)</b>	<b>LPG (tonnes)</b>	<b>Total MMBOE</b>
8.0	928,000	46,000	2.8
* Beach as operator has declared the Canunda Liquids Discovery commercial and booked Canunda as 2P reserves. Gaffney, Cline & Associates (GCA) as Drillsearch's independent reserves auditor is currently treating the Canunda discovery as 2C contingent resources until the field is put into production where upon GCA have indicated they would reclassify these hydrocarbons as 2P reserves			

It is currently planned that engineers and equipment will be mobilised to location in mid-January with testing recommencing early February. The reconfigured Canunda-1 well test evaluation is intended to more accurately define size and production characteristics of this high liquids yielding gas field.

The initial extended production test began in late June and due to high condensate production rates the 10-day test was choked back due to a lack of storage and transportation constraints. Over the 10-day testing period of the upper zone, the Canunda well produced over 2500 bbls of 62° API condensate.

Flooding and retrieval of pressure gauges had hampered the restart of the extended production test. Additional storage and trucking have been arranged to accommodate high condensate production rates when the extended production testing of the Canunda-1 discovery well re-starts in early February.

For further information please contact



**Brad Lingo**

Managing Director

61 2 9241 4440

[admin@drillsearch.com.au](mailto:admin@drillsearch.com.au)

Or visit the website [www.drillsearch.com.au](http://www.drillsearch.com.au)

Media enquiries to: David Greer at Radar 02 8256 3333/3307.

If you would like to register for email alerts please go to the Register Page on our website.

**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper/ Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production. The company also has offshore exploration interests in the Gippsland Basin.

**Competent Person Statement**

Information on the Reserves and Resources in this release is based on information provided to the company by Beach Energy Ltd as operator of the PEL 91 Joint Venture and compiled by Mr. David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release.