



central
PETROLEUM
LIMITED

ABN 72 083 254 308

Suite 3, Level 4
Southshore Centre
85 The Esplanade
South Perth
Western Australia
6151

Postal: PO Box 197
South Perth
Western Australia
6951

Phone:
+61 8 9474 1444
Fax:
+61 8 9474 1555

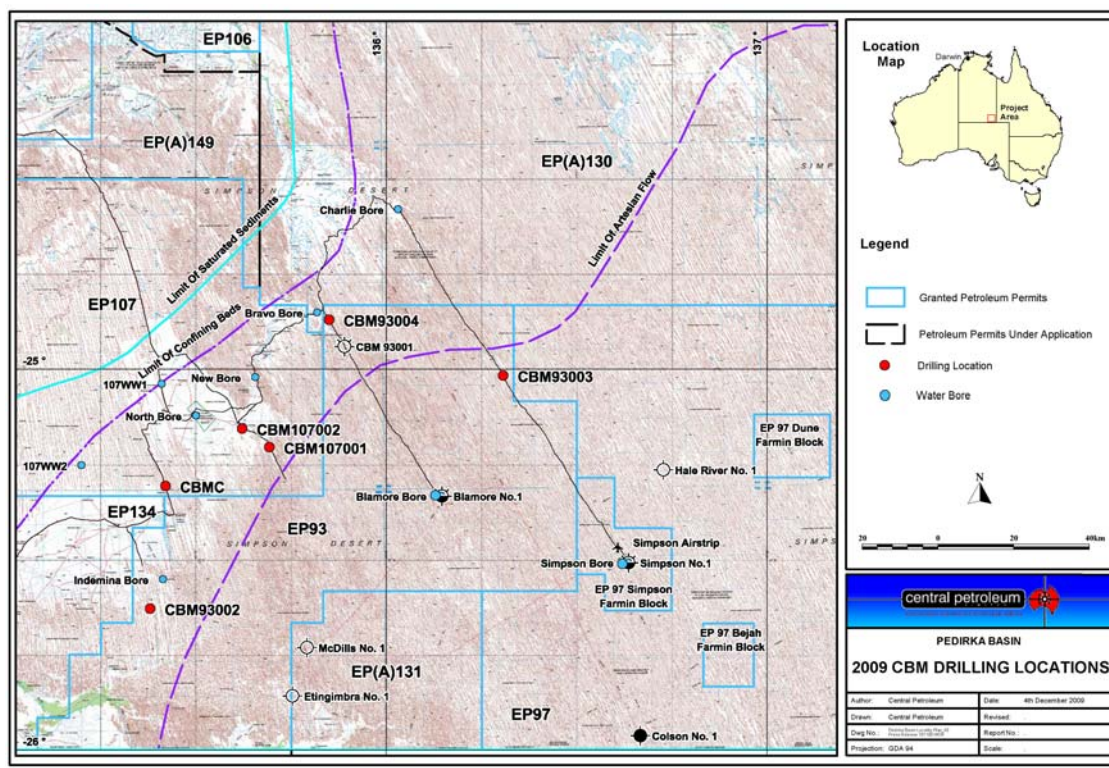
info@centralpetroleum.com.au
www.centralpetroleum.com.au

TO: The Manager, Company Announcements ASX Limited 09.12.21
CONTACT: John Heugh +61 8 9474 1444

CENTRAL PETROLEUM LIMITED EXPLORATION PROGRAMME UPDATE

Central Petroleum Limited ("CTP") in company with its other joint venture participants, has commenced the Phase One 2009/10 exploration programme with the recent spudding of CBM93004 (25.00 ° 52.00 ' 10.92 " South, 135.00 ° 50.00 ' 59.64 " East) to explore for Coal Seam Gas (CSG) in the Pedirka Basin (PXA retaining a 20% participating interest and CTP 80%).

At 0600 today, the well had reached 675m in the Permian Purni Formation, the main coal bearing formation in the district which was tagged at 502m provisionally subject to later electric logging confirmation.



Brief Summary of Results from Coring at CBM93004

Continuous coring of the Permian Purni Formation to date has intersected five significant coal seams which are being evaluated for their contained and producible gas. The initial phase of this operation involves placing 1m lengths of coal in airtight canisters and measuring the gas produced over a 24 hour period. Because the pressure at the surface is much less than at the depth of the coal seam, gas is released from the coal. The process is similar to the reduction in pressure that occurs during production.

In canister desorption studies such as these, the bulk of the gas is released in the first few hours, and the amount of gas produced is a rough guide to the initial gas content of the coal, and how easily it can be released. In general coals with natural fractures known as cleats, and larger fractures related to stress fields within the enclosing rock, will release gas faster.

The performance of the coals can also be suggested by gas released into the drilling mud during coring, by visible evidence of gas bubbling from the core, and by drill stem tests which

For personal use only

Wholly owned subsidiaries:

merlin ENERGY
PTY LTD
ABN 95 081 592 734

ordiv PETROLEUM
PTY LTD
ABN 29 111 102 697

frontier OIL & GAS
PTY LTD
ABN 91 103 194 136

helium AUSTRALIA
PTY LTD
ABN 11 078 104 006

merlin WEST
PTY LTD
ABN 59 114 346 968

are a guide to the permeability, or rate at which fluids can flow through pores and fractures in the coal.

Depths used in this report are approximate and the location of the seams will be finalised after the sequence is logged using wireline logging tools.

Gas data from drilling.

Continuous gas monitoring during coring has generally revealed low background gas which increases only slightly when coals are encountered. In general less than 10ppm methane has been recorded, although 2000ppm (20 units) was recorded from a coal at 582.5m. Next best was a 55ppm (0.5 units).

Desorption results

Overall the results to date are in the range from fair to exceptional. Almost all samples have produced some gas, although mostly in small amounts – 200 – 400 ml of gas obtained from 3.4 – 3.9kg samples, no more than 1cu m/tonne. However there have been some good results, and one exceptional one.

Coal from between 565.85 and 566.85 was noticeably bleeding gas at the surface, and yielded 2700ml of gas from the desorption canister. Samples from 559.13 to 560.13 (745ml) and 582.93 – 583.93m (620ml) - were also better than average. These samples are from three different coals.

Drill stem test results

DST 1 was run over the interval as an injectivity fall off test, a new technique which has not been used in Australia before but which is well suited to remote sites. Although results will not be available until off site processing is completed, indications during testing suggest that the coals tested between 612.9 and 621m have good permeability.

Coal thickness

Net coal amounts to 57.23m between 545.5 and 675m, which appears to be about 12m more than the same interval in CBM 93001. This will need to be confirmed after logging, as correlations at this stage are preliminary.

Summary

Results to date are encouraging. While the coals are generally dull, they contain common bright bands and appear to be of slightly better quality than similar horizons at CBM 93001. Desorption results are much better, as expected now that more appropriate equipment is in use, and at least one (565.85 – 566.85) is exceptional.

While there is a long way to go until total depth, there is considerable cause for encouragement about the coal gas resource in the Pedirka basin.

Sincerely



John Heugh
Managing Director
Central Petroleum Limited

MEDIA CONTACT:

John Heugh
Central Petroleum Limited
(08) 9474 1444
0427 107 690

Kevin Skinner
Field Public Relations
(08) 8234 9555
0414 822 631

For personal use only

Competent Persons Statement

AI Maynard & Associates

Information in this announcement or attached report which may relate to Exploration Results of coal tonnages in the Pedirka Basin is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG") and a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and an independent consultant to the Company. Mr Maynard is the principal of AI Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in this Report of the matters based on his information in the form and context in which it appears.

Mulready Consulting Services

The Mulready Consulting Services Report on UCG and CSG which may be referred to in this report or announcement was prepared by their Associate Mr Roger Meaney, who holds a BSc (Hons) from Latrobe University and has over 30 years experience in the petroleum exploration and production industry with 8 years experience in the field of Coal Seam Gas.

General Disclaimer

Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines. Since oil via Gas to Liquids Processes (GTL) volumetrics may be derived from gas estimates the corresponding categorisation applies.

Resource estimates which may be included in this announcement or report have not been reviewed by either PXA, QGC, Trident Energy Limited (TRI), He Nuclear Limited (HEN), Red Sky Energy Limited (ROG). Therefore those resource estimates represent the views of Company and are not necessarily held by PXA, QGC, TRI, HEN or ROG. The Company, CTP, is interested in UCG applications in its own right, outside of the current Joint Venture with PXA and references to UCG potential do not necessarily reflect the views of PXA or QGC. Exploration programme proposals in the Phase Two 2010 programme which may be referred to in this announcement or report have not been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved.

Red Sky Energy Limited

The farmin agreement by Red Sky Energy Limited subsidiary, Red Sky Energy (NT) Pty Ltd executed on 30 September 2009 has been challenged by PXA and the matter formally referred to arbitration.

For personal use only