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**merlin ENERGY**  
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**merlin COAL**  
PTY LTD  
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**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

**central GREEN**  
PTY LTD  
ABN 84 128 245 876

**central GEOTHERMAL**  
PTY LTD  
ABN 86 128 245 885

**central PETROLEUM SERVICES**  
PTY LTD  
ABN 57 140 628 155

**ASX ANNOUNCEMENT and PRESS RELEASE**

**ASX CODE: CTP**

**17 October 2011**

**TO: The Manager, Company Announcements ASX Limited**

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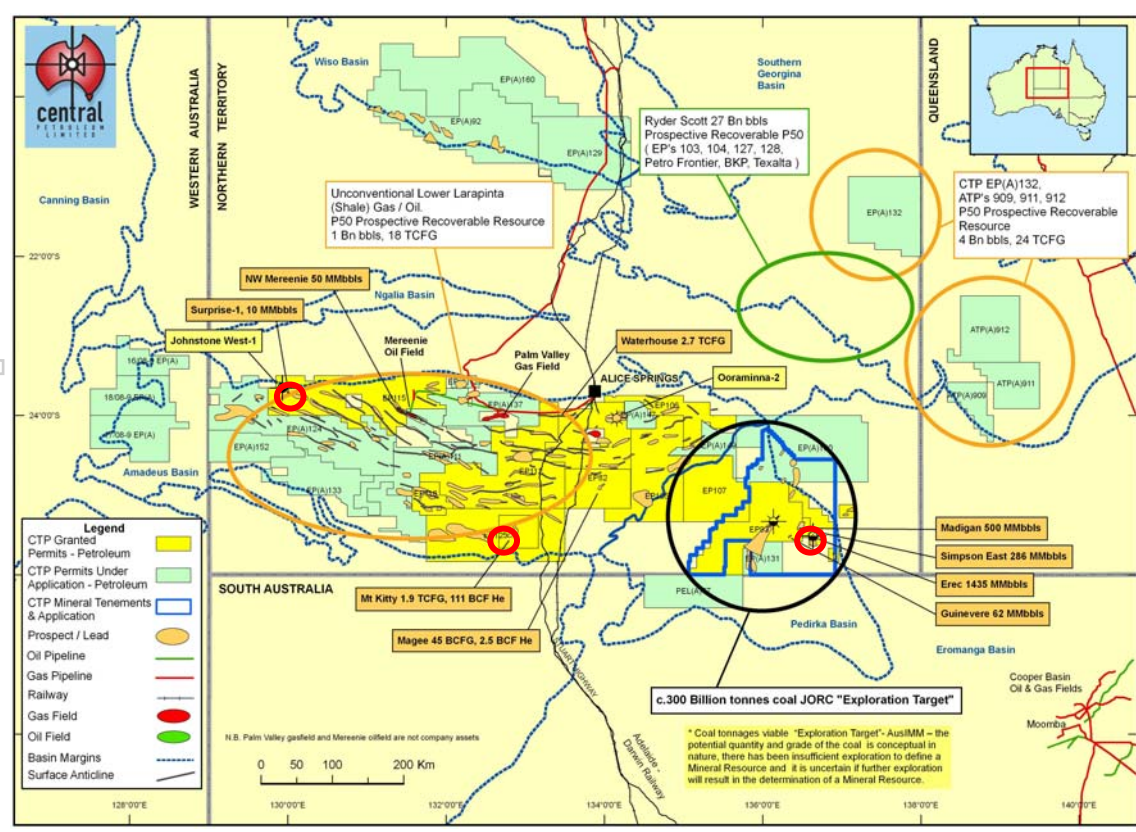
**CENTRAL SECURES RIG TO COMMENCE DRILLING PROGRAMME 2011**

Central Petroleum Limited (ASX:CTP) ("Central" or the "Company") has pleasure in announcing that it has issued a Letter of Intent (LOI) to Hunt Energy and Mineral Co. Australia Pty Ltd (Hunt), notifying the Company's intent to engage Hunt to provide Hunt Rig 3 for the intended drilling of up to 3 wells, the Surprise-1 re-entry, Madigan or Simpson East and Mt Kitty in a liquids focussed drilling programme on Central's acreage position in central Australia.

The drilling rig and associated equipment is planned to commence mobilising to the site by the 24<sup>th</sup> October 2011 and be ready for the re-entry of Surprise-1 in the first week in November. The Company plans to complete the drilling and testing of Surprise-1 by about the first week of December. The Company has completed the renewal of access roads, the airstrip, the drilling pad and sump and has most of the required casing and hardware on hand.

In accordance with the Northern Territory Department of Resources, (DOR) regulations, the well has been renamed Surprise-1 Sidetrack-1 (S1ST1) in recognition of the plan to sidetrack ton one side of the lower part of the existing well bore to get fresh reservoir through existing oil shows for testing and evaluation. Following the rig incident in December 2011, the well bore through various promising oil shows has been exposed to slightly overweight mud for approximately 10 months to date which would undoubtedly have caused formation damage.

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Under the terms of the forthcoming contract, Hunt Rig 3 is expected to be stacked in Central's warehouse and yard facilities at Alice Springs during any break in drilling occasioned by the wet season. Hunt Rig 3 has been extensively refurbished with new or upgraded main motors, rotary table, mud tanks, Blow Out Preventer (BOP) and mud pumps. Most of the independent certification of the rig and its components has been completed but Central will be commissioning further independent checks to ensure full compliance with the Company's comprehensive Health Safety and Environment (HSE) policies and procedures.

The Company Managing Director, John Heugh, said today "The situation in Australia is very tight for drilling rigs and associated equipment and even tighter in central Australia and this has substantially hampered our plans to begin drilling again this year. Contrary to some market beliefs, the Company has not been sitting on the fence waiting for groups such as Petrofrontier or Rodinia to announce drilling results in neighbouring ground. There is no reason for the Company to have delayed drilling other than a profound shortage of appropriate drilling rigs."

Central has previously reported independent estimates provided by RPS Energy, subject to confirmation of visual hydrocarbon saturation by electric logging, pressure data and flow testing, that one 9m zone alone in the already drilled section of Surprise-1 has the ability to flow at between c.500 to c.1,000 barrels per day. Surprise-1 has not yet drilled into the main target zone, the Pacoota Sandstone and there are other potential Direct Hydrocarbon Indicators throughout the Pacoota Sandstone. Two additional oil shows in the Lower Stairway Sandstone above the 9m cored zone remain unevaluated other than in visual inspection of cuttings.

The Company has previously referred in public announcements to its provisional future plans to purchase a modern state of the art drilling rig. "Such a rig should be capable of drilling to a vertical depth in excess of 3,000m with at least a 1,000m horizontal section for anticipated unconventional drilling programmes" said Mr Heugh "and as the rig would be based in Alice Springs, such a plan would result in considerable savings on mobilising and demobilising into and out of central Australia." It is anticipated that any drilling rig purchased by the Company would be crewed by contract personnel via established drilling contractors or service companies and not directly by Central Petroleum Limited. Mobilisation and demobilisation of a drilling rig into and out of central Australia originating from other operational areas such as the Cooper Basin or the Surat basin can cost the Company a total of some \$1-2.5 million dollars each way, ie \$2-5 million dollars in total for each drilling campaign.

Central has ceased negotiations with Australian Drilling Services Pty Ltd for the provision of their Rig 6 and anticipates signing a formal contract with Hunt within a week.

John Heugh



Managing Director  
**Central Petroleum Limited**

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**NOTICE:** The participating interests of the relevant parties in the respective permits and permit applications which may be applicable to this announcement are:

- EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and Oil & Gas Exploration Limited ("OGE") (previously He Nuclear Ltd) Magee Prospect Block) - HEA 100%
- Magee Prospect Block, portion of EP 82 – HEA 84.66% and OGE 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA 130, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 100% ("MEE").
- The Simpson, Bejah, Dune and Pellinor Prospect Block portions within EP-97 – MEE 80% and Rawson Resources Ltd 20%.
- EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and OGE Mt Kitty Prospect Block) and EPA-124 – ORP 100%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and OGE 24.59%.
- EP-112, EP-115, EP-118, EPA-111 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd 100%.
- PEPA 18/08-9, PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.

**General Disclaimer and explanation of terms:**

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. Unless otherwise annotated any potential oil, gas or helium UGIIP or UOIIP figures are at "high" estimate in accordance with the guidelines of the Society of Petroleum Engineers (SPE) as preferred by the ASX Limited but the ASX Limited takes no responsibility for such quoted figures.

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by CTP in this announcement or report have not been reviewed by relevant Joint Venture partners. Therefore those resource estimates, assessments of exploration results and opinions represent the views of Central only. Exploration programmes which may be referred to in this announcement or report have not been necessarily approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved. All exploration is subject to contingent factors including but not limited to weather, availability of crews and equipment, funding, access rights and joint venture relationships.



**Part of the 9m core cut at Surprise-1 December 2010 (c.2,252-2,253m)**

**Press release follows overleaf**

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# Corporate Writers

## Media Release

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CLIENT: Central Petroleum Limited  
DISTRIBUTION: Business Press  
SUBJECT: Corporate Writers drilling  
TITLE: Central solves problems  
DATE: October 17, 2011

## Central Petroleum solves problems, re-commencing drilling

After nearly ten months of delays caused by a failed rig, flooding, and difficulties finding a new rig, Central Petroleum is now able to recommence its drilling program in the Northern Territory.

The company announced today that it has issued a letter of intent to be followed by a contract with Hunt Energy and Mineral Co Australia to provide their Rig 3 which will be based in Alice Springs.

This will allow Central to re-enter its most promising Surprise-1 well at the start of November. It was here that the previous drilling rig failed last December, just before reaching the main target zone. Even above the main target zone they have passed a zone with 1,000 barrels a day potential, and the conviction is that the main target zone below, the Pacoota Sandstone, may be more promising.

The delays have been a punishing time for Central; finding a replacement rig has been surprisingly difficult. Said Managing Director John Heugh, "The situation in Australia is very tight for drilling rigs and associated equipment and even tighter in central Australia and this has substantially hampered our plans to begin drilling again this year."

It was hard for some to understand that something as simple as a lack of equipment could be so disruptive, and it sparked speculation. "Contrary to some market beliefs, the company has not been sitting on the fence waiting for groups such as Petrofrontier or Rodinia to announce drilling results in neighbouring ground," said Heugh. "There is no reason for the company to have delayed drilling other than a profound shortage of appropriate drilling rigs."

The delay time was not totally wasted. The opportunity was taken to complete the renewal of access roads, the airstrip, the drilling pad and sump, and now most of the required casing and hardware is on hand.

The ready availability of the rig now means that other promising sites can be continued, with plans for drilling at the Madigan or its near-neighbour Simpson East, with surveys indicating up to 500 million barrels of oil, and Mt Kitty with two trillion cubic feet of gas.

"This whole frustrating year we have been hobbled," said Heugh. "Now we have a refurbished rig we can get back into our stride." The Hunt Rig 3 is expected to mobilize to the Surprise-1 site by the 24<sup>th</sup> October.

Note: ASX announcement attached.

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