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ASX AND MEDIA RELEASE

BLACKWOOD-1 WELL WEEKLY DRILLING REPORT – No 5

Key Points:

- **Drilled 12¼ inch hole to a total depth of 3286m**
- **Well encountered elevated gas readings in Flamingo and Plover sands**
- **First logs confirm gas saturation with neutron density crossover**
- **Total gross hydrocarbon column of 126m over two sandstone units**

MELBOURNE, AUSTRALIA (March 3, 2008) -- MEO Australia Limited (ASX: MEO) submits this drilling report for the period ending 1000 hours March 3, 2008. Blackwood-1 was spudded at 1830 hours (ACST) on February 1, 2008 in Exploration Permit NT/P68.

The rig has completed drilling the 12¼ inch hole to a total depth of 3286m. The well has encountered elevated gas readings in the interpreted Flamingo and Plover sandstone units. The mud gas sampling recorded no carbon dioxide (CO₂) while drilling the gas saturated zones, suggesting the gas should not be high in CO₂. Gas quality will be confirmed by MDT (Modular Dynamics Testing) down-hole sampling and subsequent analysis.

The rig is currently acquiring a full spread of logging data, including image and side wall core samples. MDT testing will be undertaken later today to recover pore pressure data and gas samples.

Initial log interpretation indicates a total gross hydrocarbon column of 126m comprising of an upper Flamingo gross sand unit between 3136mMD to 3149mMD (13m) and a lower Plover gross sand unit between 3177mMD to 3262mMD: GWC (85m) resulting in a combined 98m of gross gas saturated sand interval. This column is considerably in excess of the anticipated most likely 'mid case' pre-drill estimate of 57m.

Data acquisition and interpretation is ongoing and subsequent releases detailing the significance of the Blackwood-1 drilling results will be made in due course.

Blackwood-1 is being drilled by Seadrill's West Atlas jack-up rig. The Blackwood-1 wildcat well is being 100% funded as a sole risk exclusive operation by MEO. The well is designed as a vertical well to penetrate, log and recover hydrocarbon samples in the Plover Formation of the Blackwood structure.

The participants in the Blackwood-1 well are:

TSP Arafura Petroleum Pty Ltd (MEO subsidiary)	50%
Oz-Exoil Pty Ltd (MEO subsidiary)	50%



C.R. Hart, Managing Director
MEO Australia Limited
NT/P68 Operator

BLACKWOOD-1 WELL

DETAILS

Licence:	NT/P68
Operator:	MEO Australia Limited
Rig:	Seadrill West Atlas jack-up
Surface location:	Latitude: 10 deg 12 min 37.753 sec Longitude: 128 deg 46 min 48.539 sec Datum: GDA94
Seawater Depth:	60 m LAT
Spud Date:	February 1, 2008
Target Strata:	Plover Formation sandstones
Total Depth:	Revised: 3256 metres (MDRT). (MD - measured depth below the rig's rotary table - RT)
Primary Target Depth:	Revised Top Plover Fm 3153 metres (MDRT)
Designated Authority:	Northern Territory Department of Primary Industry, Fisheries and Mines (DPIFM)
Reservoir Objectives:	Plover Formation: Determine the presence or otherwise of hydrocarbons (gas/condensate); reservoir properties including intergranular porosity and permeability; the presence of any fracture system to contribute to productivity and the level of CO₂ and H₂S in the gas.
Production Objectives:	In a success case, the full Plover Formation will be drilled to the interpreted structural spill point to confirm a gas-water-contact. While no production tests are planned for the Plover Formation, a full log suite will be acquired including image logs, rotary side-wall core samples obtained, and hydrocarbon samples and pore pressure data will be recovered by Modular Dynamics Testing (MDT) testing.
Well Design:	Blackwood-1 is a vertical well. The well design is to drill a 26" hole to 465m and set a 20" conductor. A 13³/₈" intermediate casing will be set in a 17¹/₂" hole drilled to 1265m. Drill a 12¹/₄" vertical hole to revised TD of 3256m, log and MDT test. 9⁵/₈" backup casing string is available to drill 8¹/₂" hole to TD in the Plover Formation if the pore pressures are lower than anticipated requiring a reduction in mud weights while drilling the Plover Formation.

Blackwood-1 is being planned as a high temperature (HT) well, based on the conditions encountered at the nearby offset wells, Heron-1 & Heron-2. The HT criteria being:

- Maximum anticipated bottom-hole temperatures exceeds 150°C

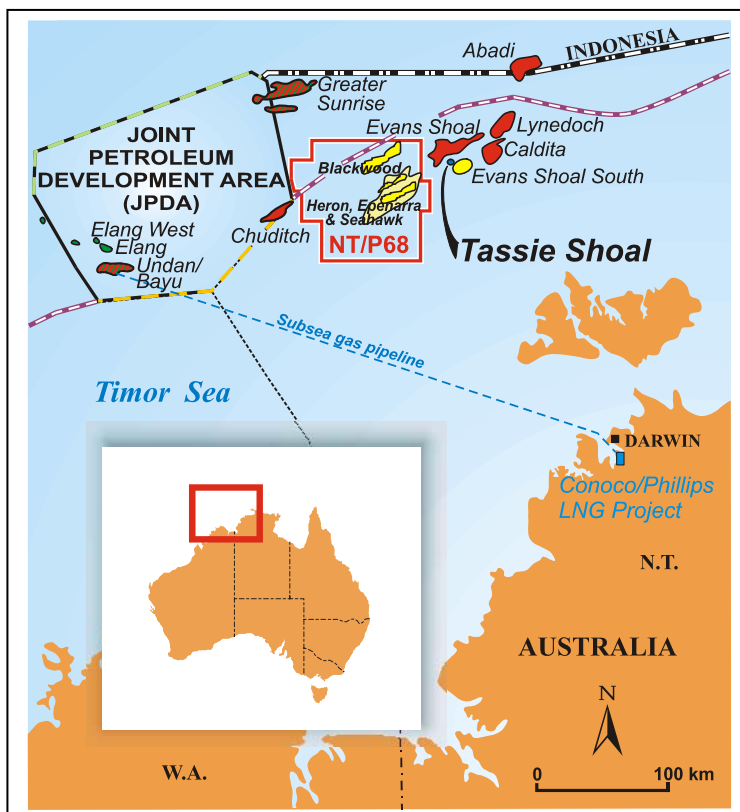
MEO Pre-Drill Estimates

Target Reservoir	Undiscovered Gas-in-Place	Prospective Recoverable Resource
Blackwood: <u>mid case</u> Plover Formation	1461 Bcf	1031 Bcf
Blackwood: <u>high case</u> Plover Formation	2572 Bcf	1816 Bcf

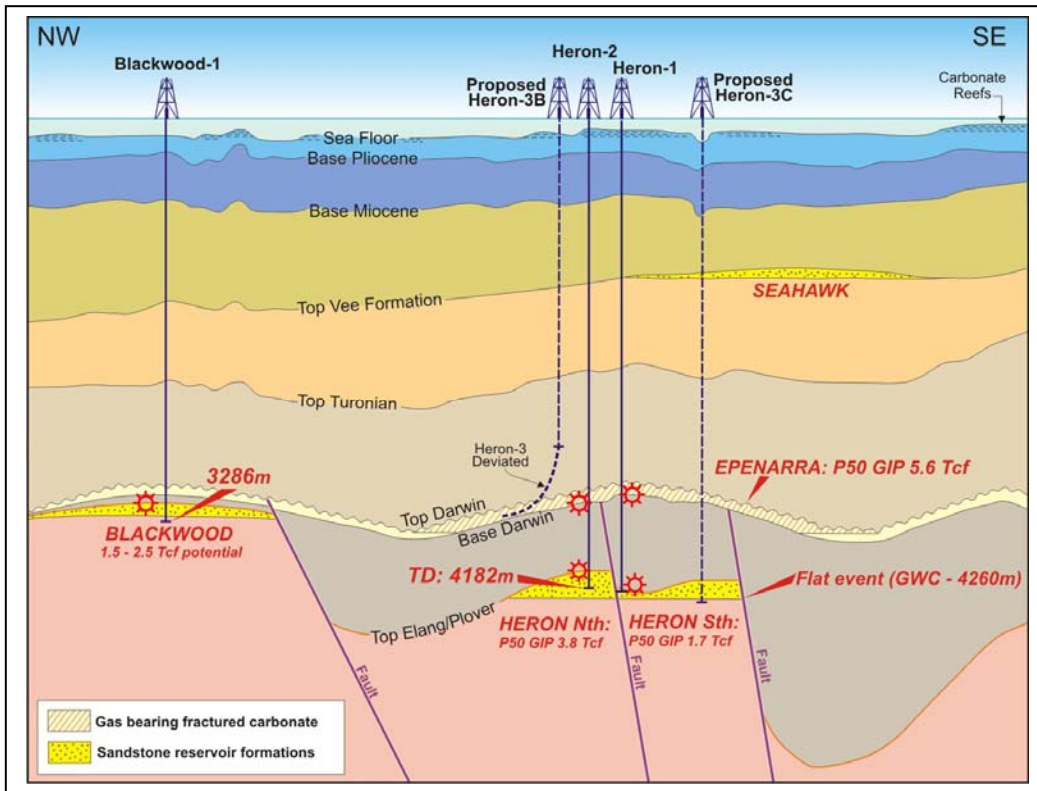
Summary of potential

Blackwood-1 well is being drilled to test the Blackwood Prospect targeting Middle Plover sandstone reservoirs on a northeast – southwest trending tilted fault block at the hingeline between the Sahul Platform and the Malita Graben. The Blackwood Prospect at Top Plover Formation appears to be a tilted fault block closure located immediately northwest of the Wonarah-1 well (Shell -1997). The areal relief on the closure is approximately 115sq km and a vertical relief of 145m. MEO has interpreted the available 2D seismic data over the Blackwood Prospect incorporating existing 2D data acquired by Shell in 1996 and the new Blackwood 2D seismic data acquired in 2006 with improved the depth conversion by using the seismic PSDM velocities from tomographic inversion of seismic data. An independent assessment of risk indicates the probability of geological success at 32%.

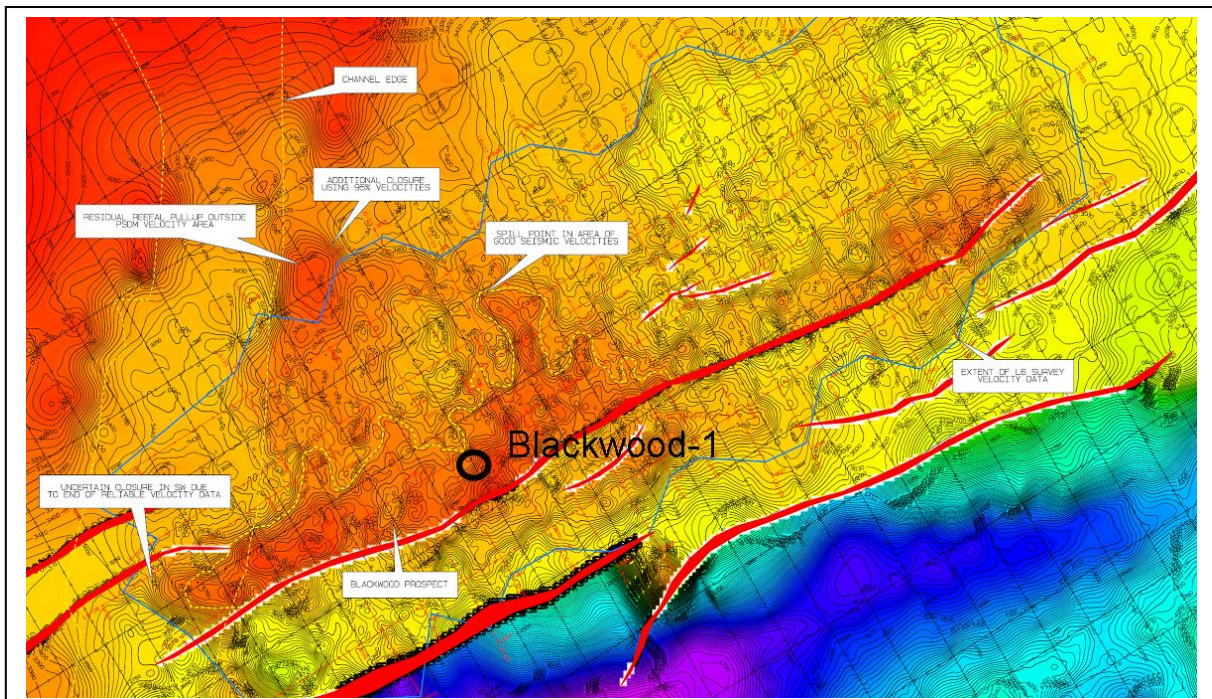
NT/P68 Permit Location showing proximity to Tassie Shoal (site of environmentally approved LNG and methanol production projects)



Schematic showing target horizons and Heron-2 and Blackwood-1 well locations



Plover Formation depth map over Blackwood and well location



WELL NAME: Blackwood-1
WELL TYPE: Exploration
WELL AREA: NT/P68, Bonaparte Basin
RIG: Seadrill, West Atlas

MD (RT) m	STRATIGRAPHY	TOPS MDRT
250	Puffin Fm	96m
500		617m
750	Vee Fm	997m
1000		1106m
1250		1216m
1500		1247m
1750	Wangarlu Fm	1385m
2000		1515m
2250		2050m
2500	Darwin, E. Shoals/ Plover Fm	3103m
2750		3123m
3000		3133m
3250		3153m
3500		TD 3286m Success

Blackwood-1 ST1 Time - Depth Curve

Updated to 09:00hrs 03/03/2008

Commence Operation: 22:00hrs 29th Jan 2008
 Spud Blackwood-1: 18:30hrs 1st Feb 2008

