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ASX AND MEDIA RELEASE

BLACKWOOD-1 WELL WEEKLY DRILLING REPORT – No 6

Key Points:

- **MDT testing recovers hydrocarbons to surface**
- **Blackwood-1 formally declared a discovery well**
- **Blackwood-1 P&A'd and West Atlas rig to be released later today**

MELBOURNE, AUSTRALIA (March 11, 2008) -- MEO Australia Limited (ASX: MEO) submits this drilling report for the period ending 1100 hours March 11, 2008. Blackwood-1 was spudded at 1830 hours (ACST) on February 1, 2008 in Exploration Permit NT/P68.

The rig has successfully completed a series of logging runs, including the recovery of hydrocarbons to surface by MDT (Modular Dynamics Testing) down-hole sampling. Additionally, a number of core samples through the column have been obtained. The gas, core samples and log data are currently being analysed by specialist petrophysical contractors. Initial gas analysis conducted on the rig has confirmed that the gas is relatively dry and contains CO₂ levels in the 25% to 30% range (very similar to Evans Shoal gas), which is eminently suitable for methanol production.

Given the recovery of hydrocarbons to surface and strong electric log evidence of a hydrocarbon column in the Plover sandstone formation of the Blackwood structure, formal declaration of a discovery pursuant to clause 34 of the Petroleum (Submerged Lands) Act 1967 has been made to the Designated Authority.

The Blackwood-1 well has been plugged and abandoned as planned and MEO expects the rig to be released later today.

Blackwood-1 was 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 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: 3285 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 12 ¹/₄" vertical hole to revised TD of 3256m, log and MDT test. 9⁵/₈" backup casing string is available to drill 8 ¹/₂" 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: <ul style="list-style-type: none"> Maximum anticipated bottom-hole temperatures exceeds 150°C

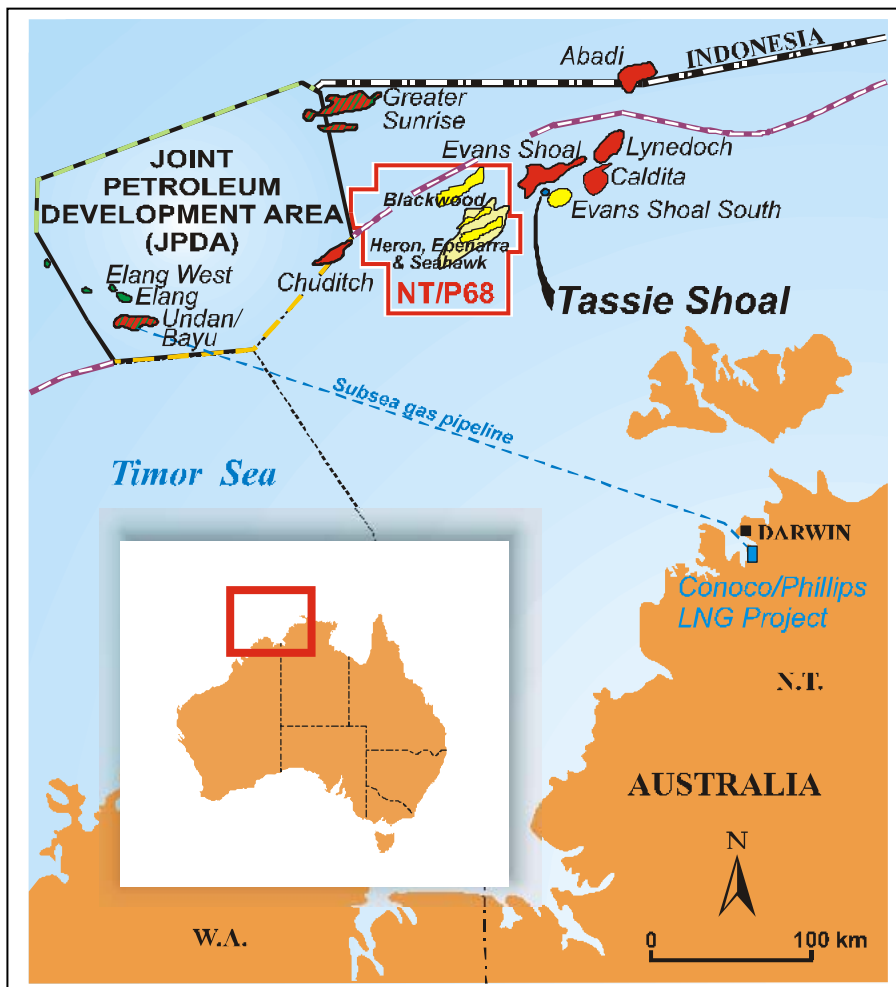
MEO Pre-Drill Estimates

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

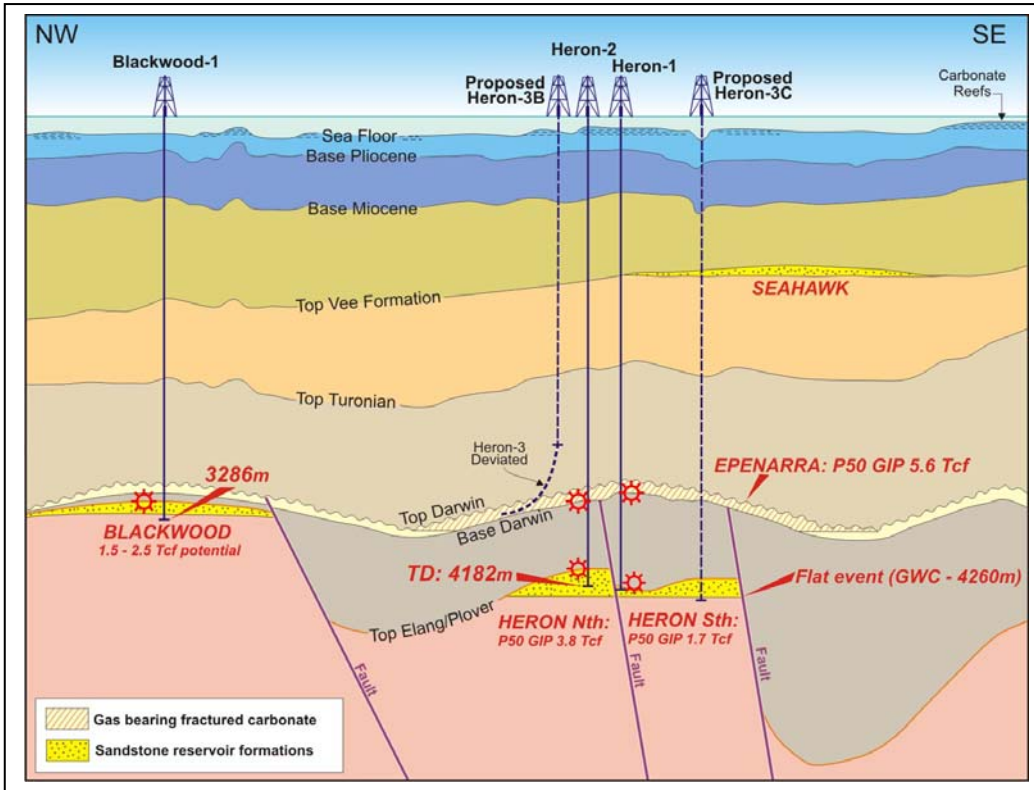
Summary of potential

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



Revised Plover Formation depth map over Blackwood and Blackwood East based on initial Blackwood-1 drilling results

