



Media Release

Methanol Australia Limited

**MEO COMPLETES NEW 3D SEISMIC ACQUISITION IN NT/P68
(Potential for Significant Condensate at Epenarra)
November 2, 2006**

Methanol Australia (MEO) has recently announced the completion of its 500 sq kilometre 3D seismic acquisition over the Epenarra prospect and the commencement of its 600 line kilometre 2D infill seismic acquisition programme over the Blackwood structure in its wholly owned Exploration Permit NT/P68 – in the Timor Sea.

The Epenarra structure is a broad, low relief anticline at the Darwin formation level with mapped closure of approximately 1,200 square kilometers. It is entirely within Australian waters.

The Managing Director of MEO, Chris Hart said the 3D data had been acquired within the planned budget and schedule.

Chris Hart said the Epenarra prospect had the potential for significant quantities of condensate and the seismic data would be analysed to identify the optimum locations for the drilling of the first and any subsequent appraisal wells. He also said the Blackwood prospect required additional infill data to determine the best location for an exploration well, anticipated to be drilled immediately following the Heron-2 appraisal well on Epenarra.

MEO intends drilling up to three wells in the Permit in the third quarter of next year and has secured a new jack-up rig to undertake the drilling.

He said that a just released study on the Epenarra prospect had revealed a strong possibility of high levels of associated liquids (LPG and condensate) within the gas bearing structure.



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“MEO engaged an independent consultant – Dr Geoffrey O’Brien from IPSA Consulting to evaluate the data from Epenarra. This was focused on determining the likely condensate to gas ration (CGR) for gas contained in Epenarra.”

“This study into Epenarra shows that the probability of high condensate to gas ratios. This means a potential for significant commercial quantities of liquids. Epenarra could contain an in-place condensate resource of at least 650 million barrels.”

“In the best case scenario, where the gas is generated solely from the Echuca Shoals formation immediately below the reservoir, indications are that the gas could contain up to 300 barrels of liquid hydrocarbons per million standard cubic feet.”

“A worst case scenario still indicates that the gas could contain up to 120 barrels of associated condensate per million standard cubic feet,” said Chris Hart.

The estimated most likely in place gas Contingent Resource (P50) for Epenarra is 5.6 Tcf.

Heron-1 drilled by ARCO in 1972 intersected several potential gas bearing zones, including a 50 m fractured carbonate interval in the lower section of the Darwin Formation.

“When the structure was first drilled in 1972, gas did not have a high value that it does today. Also, at that time no additional evaluation studies were undertaken which could have revealed the area’s potential.”

Chris Hart said the next step was to complete the 2D Seismic, just commenced today, and the processing of both the 3D and 2D datasets. The processing and interpretation of the Epenarra 3D will develop fault and fracture mapping to determine the density, distribution and orientation of fracturing within the 50m gas bearing zone intersected by Heron-1.



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“MEO’s other projects also continue to progress. The Tassie Shoal Methanol and LNG projects ensure that proven gas resources in NT/P68 could be rapidly commercialised.”

“Clearly, such possible resources in NT/P68 could provide MEO with its own gas supply option for the Tassie Shoal Methanol Project, as well as the LNG plant because any gas would be completely owned by the company,” said Chris Hart.

“We already have environmental approvals for both our methanol and LNG plants. In the case of the LNG project, it is the only approval new greenfield LNG plant in Australia.”

“The possibility of large quantities of associated condensate will naturally enhance any upstream gas production projects in NT/P68,” said Chris Hart.

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