

ASX ANNOUNCEMENT



2 January 2008

OPERATIONS REPORT

Metgasco (ASX:MEL) advises the following operational activities have been undertaken over the past two weeks.

Dewatering at Corella-P11 and Corella-P12 has continued over the past fortnight.

Drilling operations at Riflebird-P11 have been completed and dewatering of this well has commenced.

Corella-P13 has been drilled to a measured depth of 965 metres. Whilst drilling inseam, the rig encountered a high concentration of gas and a subsequent loss of hydrostatic pressure. This caused a section of the hole to collapse causing tools to become stuck. Drilling operations have been suspended pending mobilisation of fishing equipment with Ensign Rig 50 moving to Corella-P14.

Rig 50 is currently drilling ahead on Corella-P14 at a depth of 300 metres.

The following provides further detail on the status of the drilling program.

Corella-P14	Metgasco 85%, CS Energy 15%
Location:	PEL 16, Stratheden Joint Venture Area
Spud Date:	6 November 2007
Status:	Drilling ahead at 300 metres
Corella-P13	Metgasco 85%, CS Energy 15%
Location:	PEL 16, Stratheden Joint Venture Area
Spud Date:	12 November 2007
Status:	Well suspended awaiting mobilisation of fishing equipment.
Corella-P16	Metgasco 85%, CS Energy 15%
Location:	PEL 16, Stratheden Joint Venture Area
Spud Date:	6 October 2007
Status:	Drilled to 150 metres and casing set and cemented.
Riflebird-P12	Metgasco 100%
Location:	PEL 16, South Casino
Spud Date:	31 October 2007
Status:	Drilled to 150 metres and casing set and cemented.
Riflebird-P13	Metgasco 100%
Location:	PEL 16, South Casino
Spud Date:	11 November 2007
Status:	Drilled to 150 metres and casing set and cemented.

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