

## ASX ANNOUNCEMENT

16<sup>th</sup> October 2008

### CP-11 FLOW RATE ACHIEVES 200Mscf/d

Metgasco (ASX:MEL) is pleased to report that trial production well CP-11 has reached 200Mscf/day. CP-11 commenced production in January 2008 and since then has produced 30 mmcf of gas and 20,300 bbls of water. In the time since the well commenced production it has demonstrated a continuing increase in production rate to its current point. The company considers that further improvement in the gas flow rate can be expected as the dewatering process continues.

Commenting on the development Metgasco Managing Director David Johnson said: "CSM exploration and development can be a trial and error process as new technology is applied in a new area. It is unavoidable that extensive testing is required to test for the presence and potential reservoir character followed by a process of experimentation to determine what production technology is most suitable. It is interesting that this process by some companies in the Surat basin took between 38 and 56 months before there were trial production wells flowing at the level that CP 11 is today. That Metgasco has achieved the rate on comparably lower gross expenditures in the Clarence Moreton Basin in a similar time frame is a credit to the cost effective manner in the company operates."

The Company considers that there is scope for further improvement in reservoir productivity via well optimisation and also new production methods, but that a new benchmark has been set that will facilitate the movement towards commercial production in the Clarence Moreton Basin which currently contains the largest 2P gas reserves of 298PJ in New South Wales.

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