



ASX / MEDIA RELEASE
12 October 2009

KINGFISHER-E1 – PROGRESS REPORT #1

Metgasco Limited (ASX:MEL) today advises the following:

Lucas Rig No 150 will be mobilising to site this week to commence drilling Kingfisher-E1. Site preparations have been completed and equipment is currently being mobilised in preparation for drilling.

Kingfisher-E1 is the first deep conventional well to be drilled by Metgasco in the Clarence Moreton basin. The well is located in PEL 16 approximately 2 kilometres from the town of Casino in northern New South Wales.

The well has a planned total depth of 2,100 metres and is targeting potential hydrocarbons in Middle and Upper Jurassic sandstones including the Heifer Creek and Gatton and the deeper Ripley Road (also known as the Precipice sandstone in the Surat basin where it has historically been a major oil and gas reservoir).

The Upper zones in the Heifer Creek and Gatton will be tested prior to drilling ahead to the deeper zones.

Metgasco has a 100% interest in this well.

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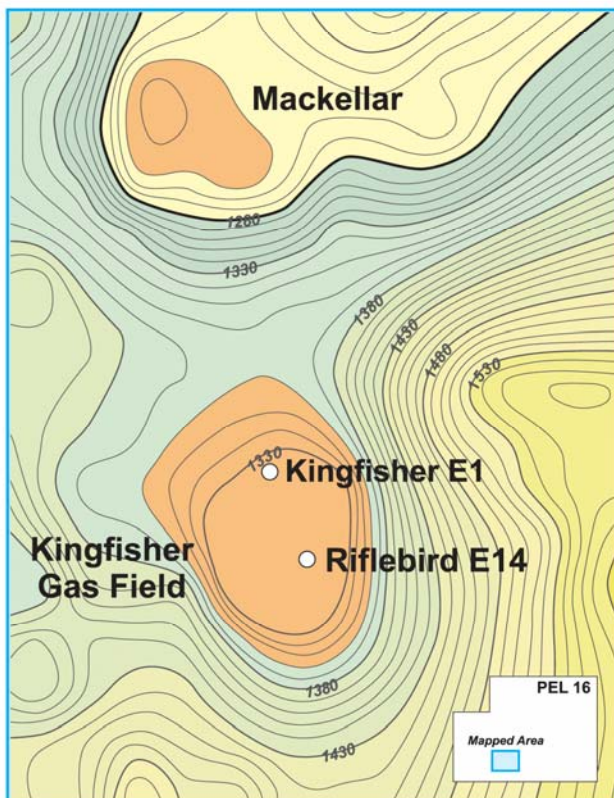
Background to the discovery of the Kingfisher conventional gas field

The Kingfisher Field was discovered by Metgasco in May 2008 as a result of drilling the Riflebird-E14 well at a location 950m south of the Kingfisher E1 site. Riflebird E14 was drilled to a total depth of 1,296 metres and penetrated a gross 49 metres of gas-bearing sandstone. Additional potential below this depth remained undrilled due to the limited capability of the coal seam gas rig being used at the time.

Three gas bearing zones were identified from wireline log analysis, one in the Heifer Creek Sandstone between 1,042 – 1,052 mRT and two in the Gatton Sandstone between 1,240 – 1,289 mRT with total net pay estimated at 24 metres. Several flow tests were run on Riflebird E14 with gas to surface at rates in excess of 300,000 scf per day being produced. Small volumes of condensate were recovered during flow testing suggesting the potential for oil or gas liquids within the field. Further, no gas water contacts were observed in the well and a gas gradient was established from wireline pressure testing which indicated that additional pay is likely to be encountered below the level of the lowest known gas.

METGASCO

PEL 16 : KINGFISHER E1 WELL



Kingfisher E1

- Step out appraisal well for Heifer Creek Sst and Gatton Sst
- Objectives are:
 - To evaluate the lateral extent of the structure
 - To appraise the 24 metres of net pay encountered above 1,296m
 - To test 700m of additional section below 1,296m including:
 - Gatton Sst(Evergreen Fm)
 - Ripley Rd Sst (Precipice Fm)
- Estimated TD of 2,100m

Background on Kingfisher Gas Field Discovery

- Riflebird E14 (RE 14) drilled in March 2008 using CSG rig ADR 100 to a depth of 1,296m
- Conventional gas reservoirs encountered
- 24 metres net pay
 - (6 metres Heifer Ck Sst)
 - (18 metres Gatton Sst)
- Low pressure separator installed with liquids recovered

	Pmean (Bcf)	P10 (Bcf)
Kingfisher (contingent resource)	37	70
Kingfisher (OGIP est.)	82	831
Mackellar (OGIP est.)	63	688
Mackellar North (OGIP est.)	146	1,793