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ASX AND MEDIA RELEASE

BLACKWOOD-1 WELL WEEKLY DRILLING REPORT – No 2

Key Points:

- **Drilled 26 inch hole to 460m**
- **20 inch casing landed and cemented**
- **BOP fitted and tested**
- **Drilling 17½ inch hole to 1265m**

MELBOURNE, AUSTRALIA (February 7, 2008) -- MEO Australia Limited (ASX: MEO) submits this drilling report for the period ending 1000 hours, February 7, 2008. Blackwood-1 was spudded at 1830 hours (ACST) on February 1, 2008 in Exploration Permit NT/P68.

The rig completed the cementing of the 20 inch casing to 455m and has installed and tested the Blow-out Preventer stack (BOP). The rig is currently drilling the 17½ inch hole to a section target depth of 1265m, where the 13¾ inch casing string will be landed.

The estimated depth of the Blackwood structure Top Plover Formation target reservoir is 3351m.

Blackwood-1 is being drilled by Seadrill's West Atlas jack-up rig contracted to MEO for two firm wells. The Blackwood-1 wildcat well is being 100% funded as a sole risk operation by MEO. The well is designed as a vertical well to penetrate, log and recover gas samples in the Plover Formation of the Blackwood structure.

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
Total Depth:	3454 metres (MDRT). (MD - measured depth below the rig's rotary table - RT)
Primary Target Depth:	Top Plover Fm 3351 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 12¹/₄" vertical hole to planned TD of 3454m, log and MDT test. 9⁵/₈" backup casing string is available to drill 8¹/₂" 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:

- Maximum anticipated bottom-hole temperatures exceeds 150°C

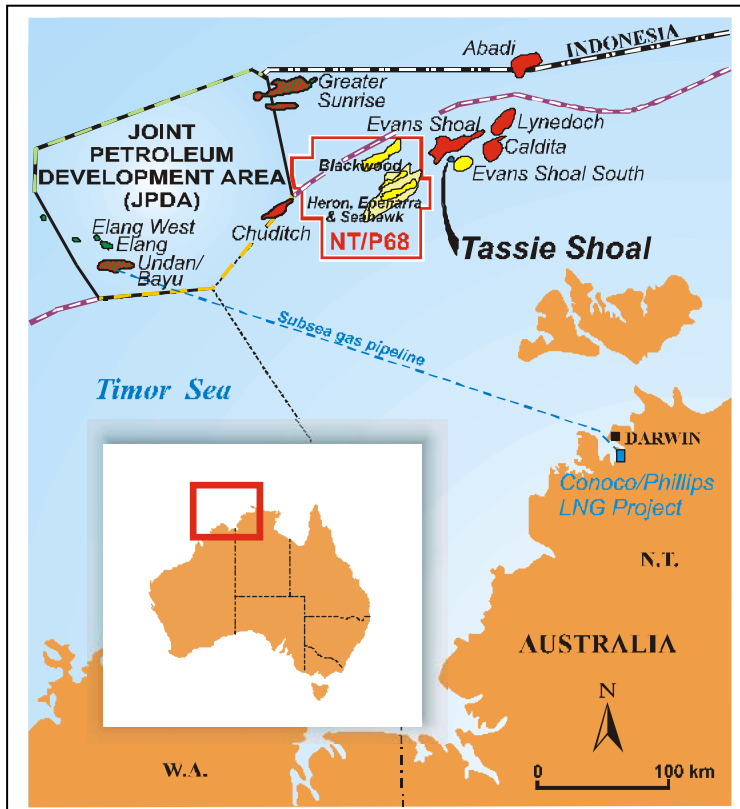
MEO Pre-Drill Estimates

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

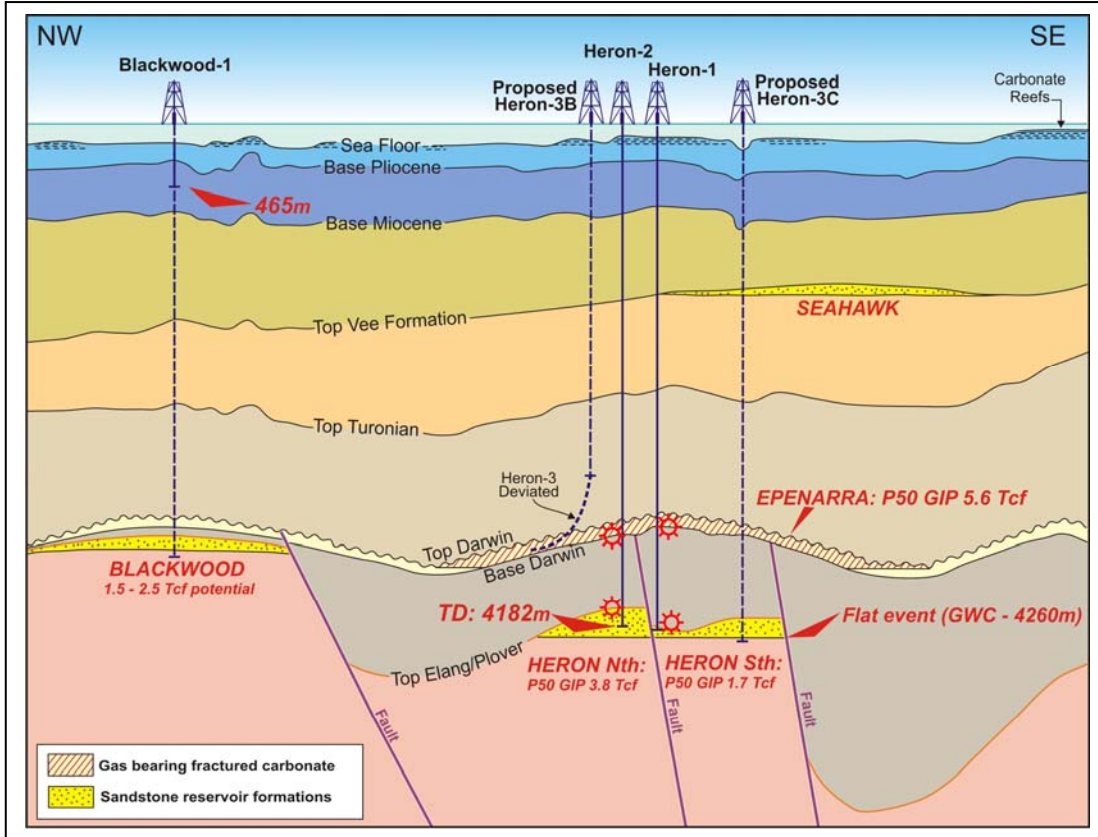
Summary of potential

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%.

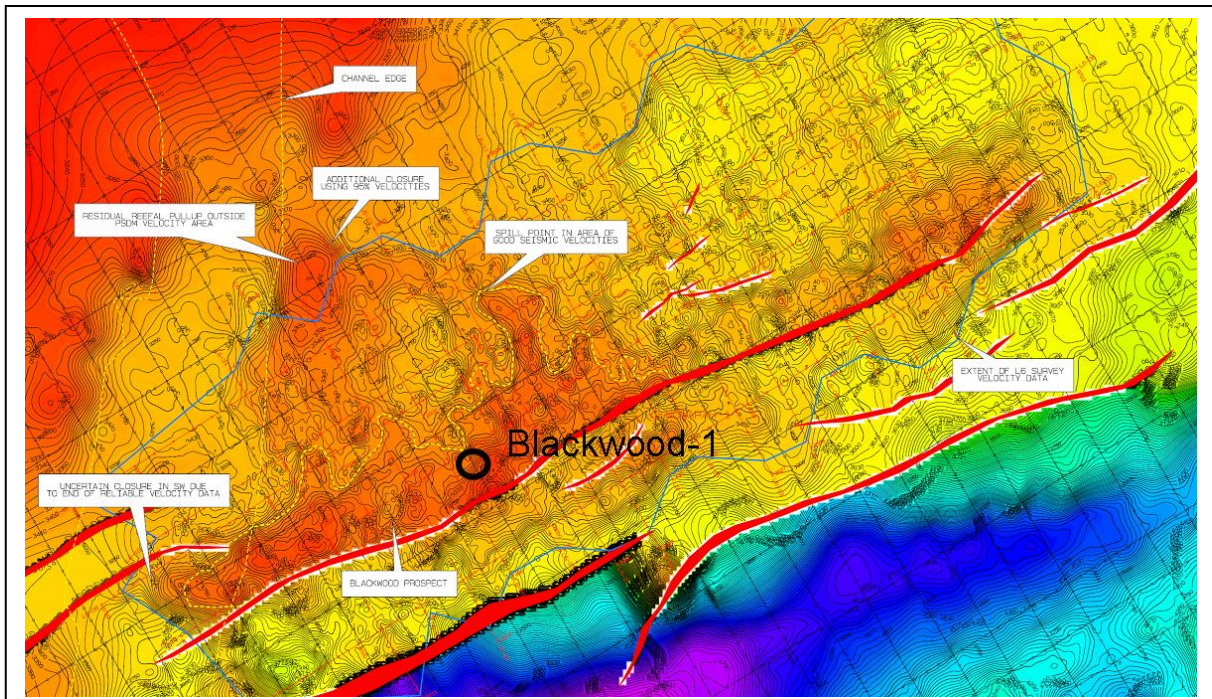
NT/P68 Permit Location showing proximity to Tassie Shoal (site of environmentally approved LNG and methanol production projects)



Schematic showing target horizons and Heron-2 and Blackwood-1 well locations



Plover Formation depth map over Blackwood and well location



WELL NAME: Blackwood-1
 WELL TYPE: Exploration
 WELL AREA: NT/P68, Bonaparte Basin
 RIG: Seadrill, West Atlas

MD (RT) m	STRATIGRAPHY TOPS MDRT	
250	96m	Puffin Fm
500	514m	
750	994m	Vee Fm
1000	1100m	
1250	1208m	
1500	1238m	
1750	1384m	Wangarlu Fm
2000	1497m	
2250	2083m	Darwin, E. Shoals/ Plover Fm
2500		
2750		
3000		
3250	3301m	
	3321m	
	3331m	
3500	3351m	
	TD 3454m	

Blackwood-1 Time - Depth Curve

Updated to 09:00hrs 07/02/2008

Commence Operation: 22:00hrs 29th Jan 2008
 Spud Blackwood-1: 18:30hrs 1st Feb 2008

